

CRYPTO A.M.

PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER

President Donald Trump landed for his State Visit yesterday with his trade war with China in full swing, driving markets insane with the S&P 500 stock market delivering its worst May performance for seven years and yet May saw Bitcoin (BTC) grow 76%. Since last week's Crypto AM, BTC hit a new 2019 all time high of US\$9,065 before dropping sharply and, at the time of writing, is trading at US\$8,522.48; Ethereum (ETH) at US\$262.52; Ripple (XRP) at US\$0.4468; Binance (BNB) at US\$32.18 and Cardano (ADA) at US\$0.09335. Overall Market Cap is at US\$272.01bn (data source: www.CryptoCompare.com)

With conference season underway, I have noticed a shift in the seriousness of people's attitudes in the space. Last week Crypto AM attended three small but high quality events. Security Tokens Realised held their C-Level 100% Capital Markets, Financial Services and Investment Summit in the Gherkin. The theme of the day was Digitising Capital Markets given that Institutional Digital Securities are poised to have a major impact on Capital Markets. This sixty person enjoyable interactive workshop brought together leaders from companies such as Citi, Societe Generale, ING Bank, US Capital Global, Barclays, Albion VC, FBG Capital and Nomura.

Whilst I spent Friday attending the Monaco Blockchain Conference Crypto AM writer, Ollie Leech, attended Desmond Kam's The Block Adventure: Fintech Disruption event which, Ollie reports, was an incredibly insightful evening of great panel discussion and saw representatives from leading crypto VCs funds explore the challenges of early-stage crypto investing, as well as address highly contentious topics within the wider crypto industry. Some of the key questions discussed during the evening included, 'will cryptocurrencies, namely stablecoins, ever replace fiat currency as a mainstream electronic cash system', 'does crypto speculation and trading inhibit the technological development of the space' and 'how does crypto venture capital impact the growth of the industry'.

From the VC's themselves, not only did we hear about how they identify exceptional startups emerging in the space, but we also learned about how they manage the growth of these companies and the importance of exiting out of these companies ethically once they've successfully reached the marketplace.

In Monaco, I was impressed with the quality of speakers and projects. The goal of the event was always to put quality above quantity and it certainly let delivered. With UHNWIs in attendance, soft seven figure investment commitments were made on the day. I was particularly impressed by the Amazix.com team Dr Jeppe Stokholm and Jose Macedo with their vision to become a full service funding agency in the space.

The Block Events, organizers of the conference also hold 'FiveAtFive' - a HNW invite only event taking place every 6 weeks alternating between Monaco and Zurich, for more information on this get in touch with alastair@theblock.events

Our series on AI, Blockchain, Cryptoassets, DLT and Tokenisation

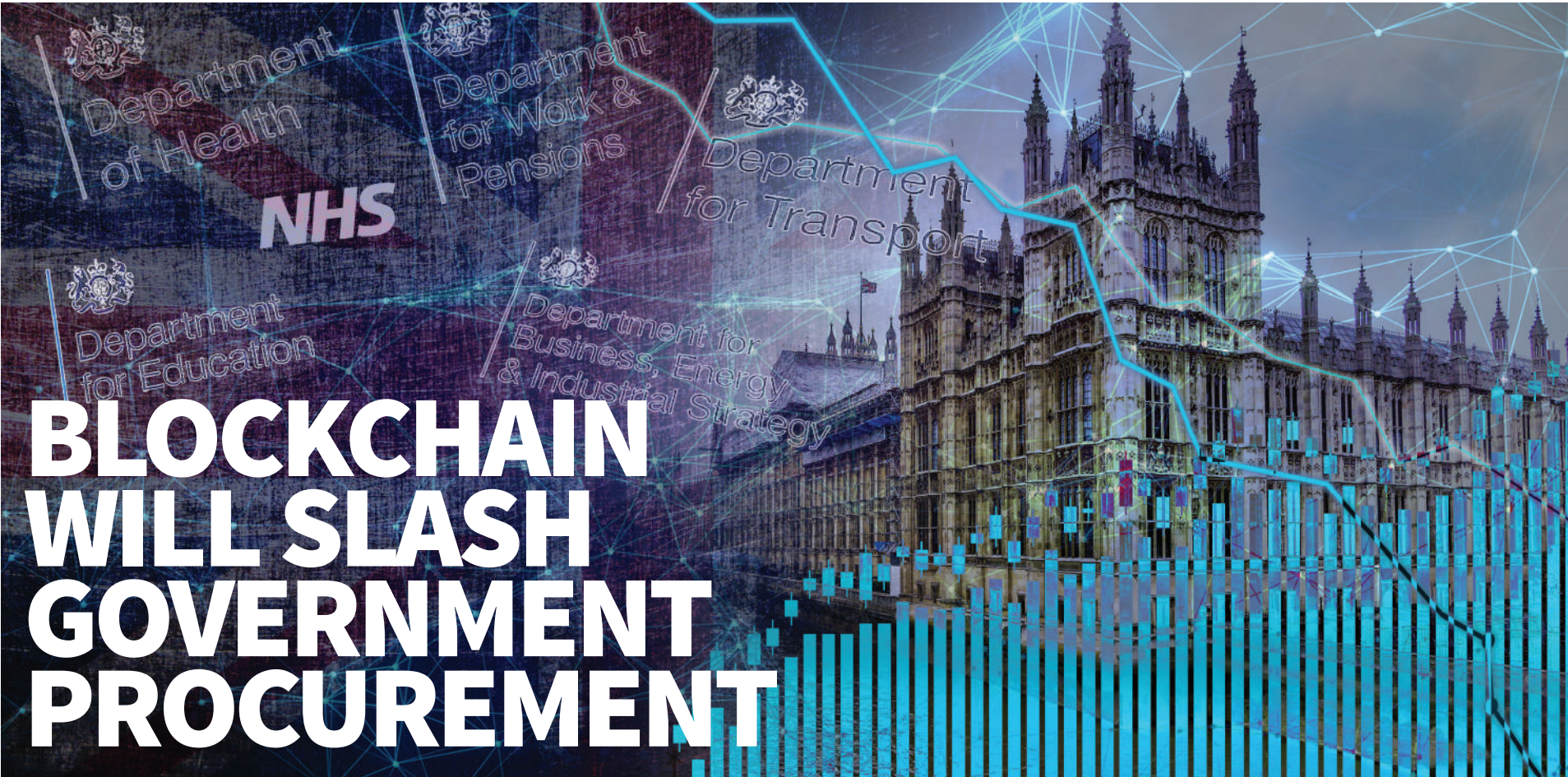
Blockchain has the potential to revolutionise the way government agencies acquire services and solutions, in the same way that it has changed the way the World's banks handle the international exchange of currencies.

The significant power of blockchain lies in its ability to accelerate verification processes using large, decentralised networks of connected computers (called "nodes") to store blocks of information. The system itself is transparent by design, which allows data to be shared and transferred easily between parties. Within the procurement process, for example - blockchain embeds multiple layers of trust by using an immutable ledger of historical data to validate the authenticity of vendors, supply chains and deliverables.

A recent report from the Institute of Government revealed that the UK Government spends £284bn - almost a third of its total expenditure - with external suppliers. The same report also noted that four government departments - the Ministry of Justice (MoJ), the Department for Transport (DfT), the Department for International Trade (DfIT) and the Department for Environment, Food and Rural Affairs (DEFRA) spent over half of their entire annual budgets with external suppliers.

Government departments rely on their ability to secure the necessary skill, talent and technical resources required to deliver, manage and maintain huge infrastructure projects. Many departmental networks are already highly distributed, with hosted on-premises, hybrid infrastructures currently the norm across many projects. However, this gives rise to a massive need for huge teams to monitor data as it passes between different services and layers to help ensure that the networks are operating efficiently, and that the data is shared and maintained accurately.

Cost and time-efficiency savings are massive targets for government agencies and politicians alike, with the complexity of government digital transformation and international trade deals shining a spotlight on the urgent requirement to streamline processes and enhance transparency of vendor management. In the



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wake of both the 2013 horse meat and tagging scandals, verification of supply chain and spend tracking has had high publicity - whilst the solutions offered by recent significant investment in blockchain and distributed ledger technology (DLT) are the perfect answers to eradicating these problems.

French President Emmanuel Macrons' administration reform tsar - 39 year old Thomas Cazenave - told Reuters that "The State... must not fall behind, get 'uberized' and shrivel up" the former number two human resources executive at Orange continued to say that "like me, the President feels very deeply that these are no longer times where public serv-

ices can be reformed with small tweaks. Major transformations are needed". The result came in the form of a £700 million fund to help invest in IT projects over the next five years, to help modernise administration in one of the most highly-centralised states, as well as automate bureaucratic activity.

Rather than simply cutting jobs and budgets, maybe it's time our government looked towards solving the issues that affect the people in those jobs - and the departments which become pressured by lack of resources as a result of ever-changing budgetary requirements. The opportunities offered by blockchain to run live, auditable reporting and

spend tracking - as well as automation and verification of time and cost-heavy tasks such as payroll, PAYE, IR35 and timesheets - gives enhanced trust and accountability to the recipients of outsourced contracts, and allows increased internal efficiency at a lesser burden. Additionally, transfer of data and identity management between those internal departments can be maintained without a single point of failure.

A huge part of this lies in contractor and freelance management. As the way that people work and interact with each other changes, so too must the infrastructure that underpins the labour force. The rise of freelance or contract-

based workers brings with it the need for serious investment in the trust economy. There is a need to put the recipients of government-funded contracts under accountability for their deliverables, if the UK is to effectively harness the power of it's outsource spending.

Whilst the commercial and social use-cases for blockchain in government and beyond are clear - successful implementation however - is heavily reliant on comprehensive network management and support, with diligent attention placed towards both the technical and human interfaces involved in each step. Clear visibility across nodes and network performance levels are two critical

factors towards making this transformation possible.

According to IT ProPortal, 57% of large corporations are actively considering or are in the process of implementing blockchain technology. However, 97% of Fortune 500 executives planning on deploying the same technology also reported that they anticipate trouble finding the talent they need for those projects. Therefore, there is a hold-up in deploying the tech, because the skills are in short supply.

As blockchain moves from relative obscurity and a niche technical audience to broader adoption within business, enterprise-grade applications and research



The benefits offered by blockchain technology cannot be ignored

from the likes of IBM (Hyperledger), the #TechCBRE initiative and Deloitte's Blockchain Lab - mainstream adoption is becoming more apparent.

Regardless of this though, the benefits and change offered by blockchain technology cannot be ignored as the leader of significant digital transformation within a sector plagued by inefficiencies and red tape.

Oliver Hibbs-Brockway, CEO and Founder of Nodal Labs in conversation with James Bowater. Oliver is an English entrepreneur and Nodal Labs a London based blockchain-powered freelance recruitment platform, see www.nodal.com

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CRYPTOCOMPARE MARKET VIEW

Facebook Talks With CFTC About Their 'GlobalCoin' Cryptocurrency

Social media giant Facebook has opened discussions with the U.S. Commodity and Futures Trading Commission (CFTC) over their cryptocurrency stablecoin initiative - 'GlobalCoin'. Facebook has said that they are aiming to launch 'GlobalCoin' in "a dozen countries" by Q1 2020. According to the Financial Times the CFTC chairman Christopher Giancarlo stated that they had had the "very early stages of conversations" with Facebook.

After an impressive month for bitcoin which is currently up 47% in the last 30 days, the flagship cryptocurrency has been consolidating in the \$8,000 to \$9,000 range. Last week bitcoin was characteristically volatile with the price dropping from a yearly high of \$9,065 to \$8,213 in only 6 hours on Friday 31 May. At the time of writing bitcoin is trading at \$8,503 and ethereum at \$262.12.

A \$5 million 'DefendCrypto' crowdfunding

initiative has been setup by the Kin Foundation to support a (potential) court battle with the U.S. Securities and Exchange Commission (SEC). The Kin Foundation was setup to steward the development of the Kin blockchain protocol after its \$100 million initial coin offering in 2017. Their funding page claims that "The SEC has been shaping the future of crypto behind the scenes with settlements that set a dangerous precedent and stifle innovation."

The mining difficulty on the Bitcoin network - an indication of the investment in bitcoins security - has recently hit a new all-time high. This is significant for investors as mining difficulty on the bitcoin network is historically correlated with price.

The CryptoCompare Digital Asset Summit will take place in London on June 12th. With keynote speaker Andreas M. Antonopoulos, the summit will feature panels from some of the key figures in the space including Coinbase, Binance, Nasdaq and VanEck.

CRYPTO A.M. INDUSTRY VOICES

"Blockchain" Phones - All hype or a must have?

Once upon a time the entire notion of even having internet on your mobile phone seemed far fetched, and yet here we are now looking at the viability of phones with cryptocurrency wallets built in!

There are two main players in this space right now: Sirin Labs with their Finney phone and HTC with the Exodus, though there are strong rumours of others looking to push into this arena with Samsung's Galaxy S-10 reportedly going to have a cryptocurrency wallet built in. Now, for me anyway, the idea of having private keys and carrying around my crypto holdings with me seemed like a great idea (I have a Finney and worked a short contract for Sirin Labs, for full disclosure) and in theory it is, but the process of spending crypto right now isn't quite up to speed with where it should be. In my opinion all of this is someone's vanity project. But then Sirin did raise \$150m in their ICO, so what do I know?

With more players coming into the market this should increase adoption, and therefore demand for retailers to accept cryptos. There are many factors that will play a part in this too, there are currently too many different to keep track of which makes choosing the right ones to support or accept as payment very difficult.

If you refer back to the start of this piece, you will notice that I didn't refer to these phones as blockchain phones. This is for good reason. Despite the marketing around them referring to these devices as "blockchain phones" they are not. They don't play a part in support a decentralised network and still rely on mobile networks to function as a phone. They do, however, allow you to store your tokens (or cryptocurrency, if you will) on them "securely". That said Pundi X have announced they will be launching the

XPhone, and each of the devices will act as a node on the network and could do away with traditional mobile carriers. I will be watching this project very closely. Having only had the chance to play with the Finney I am trying to be fair to all of the products we have here. For me, a phone needs to perform as a phone very well and also excel in the other areas we have become accustomed to over the years such as a good camera and as a smart device. Those who can provide the ability to store your crypto in a way that has a slick user experience, something that is lacking hugely in the entire industry, will win.

Samsung has long been revered for their handsets intuitive functionalities, and if the reports that even their budget handsets are going to feature cryptocurrency storage then this can only mean good things for the industry as a whole. Samsung are even reported to be working with companies to be assist them in working with blockchain based identity solutions, pretty cool.

One area that certainly needs to be looked into is the security aspect of all these endeavours. As far as I can tell, only the Finney actually has cold storage that is completely offline. You would be pretty silly to be storing millions of dollars on a mobile device, that you carry everywhere with you, but it should still be an area of concern as to how secure these storage solutions really are.

In conclusion, I'm on the fence with all of this. My Finney is cool and conversation starter, but I want a better camera and never the cold storage due the UI (my Ledger Nano is much better). I've been toying with the idea of the HTC Exodus but, for now, I'm going back to an iPhone

Alastair Band, Founder of Verum Ventures alastair@verum.ventures

Crypto A.M. shines its Spotlight on White Rhino

I recently met with Matthew Joynes, the founder and CEO of White Rhino a fully tradable multi-game token for the gaming and entertainment industries and his co-founder and CTO, Kaspar Strandskov.

THERE ARE SEVERAL NEW INITIATIVES IN THE SPACE OF GAMING AND ENTERTAINMENT. WHAT SETS YOU APART?

"White Rhino is launching with the aim of disrupting the gaming industry's payment processes," says Matthew Joynes "we see White Rhino as the future PayPal of our industry. It is a payment processing system saving publishers and gamers money. We do this by allowing gamers to purchase White Rhino gaming tokens in one game, and then trade and use the tokens in another or even immediately redeem for cash on a regulated exchange significantly enhancing the possibility of winning tokens in game play and cashing out. An all-in-one seamless, legal process.

AS A PUBLISHER, WHY WOULDN'T YOU SIMPLY USE BITCOIN OR ETHEREUM AS AN IN-GAME PAYMENT?

"Although Bitcoin has been an immensely influential breakthrough," says Kaspar Strandskov, "we have to think of Bitcoin as blockchain 1.0. It is simply a store of value and Ethereum is not a tool to create high volume micro transactions on. We chose the Tron blockchain as our technology path as it offers least resistance in terms of achieving our key milestones efficiently and rapidly."

"The big benefit to publishers," adds Matthew Joynes, "is not only enhanced settlement speeds, lower payment processing costs but the ability to create innovative loyalty programs and importantly create in game "prize" money earned through skill. White Rhino allows prizes to be won as in-game tokens which are then immediately be redeemed through a regulated exchange. Simply put a White Rhino can be traded for cash or



Matthew Joynes, Founder & CEO with Kaspar Strandskov, Co-Founder & CTO of White Rhino

other tokens and used in a multi game environment. A true game change!"

WHAT DO YOU BRING TO THE PARTY THAT'S UNIQUE?

Kaspar continues, "I met Matthew 20

years ago and we built a very successful money transmitter business so with myself steeped in blockchain and Matthew being the founder and inventor of "Gamevice", the leading console and mobile crossover gaming controller in all



The linkage between a trade-able security and utility token satisfies regulators and owners alike

Apple stores globally, we are at the intersection of these two worlds.

We have partnered with GFXM, a money transmitter, to do the issuance and KYC so market participants can trade with confidence. We will announce further partnerships with major exchanges including prime brokers so our token will be very accessible to the gaming world of blue chip companies and players, says Matthew.

SO, WHEN CAN WE EXPECT MORE FROM YOUR PROJECT?

We are issuing a £200 million bond in September with Linear Investments, a UK global prime brokerage which will be listed on major exchanges with a credit rating. The linkage between a trade-able security and a utility token satisfies regulators and owners alike. We will be the largest venture ever to be launched here in the UK and perhaps a template many will follow.



HOW SECURE IS BLOCKCHAIN?

Troy Norcross, Co-Founder Blockchain Rookies

A blockchain ledger is just data. Securing that data requires ensuring that any attempt to read, write or amend that data is authorised. Let's look at security against unauthorised writes and amends first. In order to write something new onto the ledger the new information must be properly signed and the transaction must be considered valid by the network. Comparing to when you write a cheque, the signature must be valid and you must have sufficient funds for the cheque to clear. For blockchain, instead of the bank making both of those decisions, the network of computers running the blockchain protocol makes those decisions.

You may have also heard that

blockchain data is immutable - unable to be changed. Unlike a traditional database, blockchain information is created such that it cannot be changed once written. Because copies of the blockchain exist on multiple computers, even if you were able to change your own copy of the ledger, it would no longer match the other copies of the ledger and your changes would be rejected. While the bitcoin blockchain has thousands of nodes making the corruption of the network near impossible, smaller blockchains could be hijacked by hacking into a majority of the computers holding a copy of the ledger.

Blocking read access is more difficult. Public blockchains are intended to be accessible to anyone. Private or

permissioned blockchains apply restrictions for read access using traditional means of firewalls and access control lists. Even so, a hacker only needs to compromise a few computers to get full access to data in a ledger. Reports that blockchain makes data safe from hackers should be qualified - safe from hackers writing or amending data.

Blocking write or amend access to blockchains is prevented through the power of cryptography and a large decentralised number of computers ensuring the security and integrity of the data

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12th JUNE
2019
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