

CRYPTO A.M.

Our series on AI, Blockchain, Cryptoassets and Tokenisation

PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

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The bear market for Crypto continues with Bitcoin (BTC) hitting last Thursday its 2018 low of US\$3,275.97 and Ethereum (ETH) US\$83.81, however at the time of writing they both have recovered somewhat US\$3,533.38 and US\$91.78 respectively - the crypto market cap is currently US\$110bn (Data source: CryptoCompare.com) Writing in my column of the 27th November I speculated that BTC could test US\$2,500 - I still think that that is a distinct possibility especially as the SEC have confirmed that it will not be making its decision on the VanEck Bitcoin ETF until the 27th February 2019.

Mining Bitcoin obviously has a cost to it and as such many observers equate a floor in the price of BTC to being that of cost of production. According to bitcoin.org, Bitcoin mining is the process of making computer hardware do mathematical calculations for the Bitcoin network to confirm transactions and increase security. As a reward for their services, Bitcoin miners can collect transaction fees for the transactions they confirm, along with newly created bitcoins. The hash rate is the measuring unit of the processing power of the Bitcoin network. The Bitcoin network must make intensive mathematical operations for security purposes. When the network reached a hash rate of 10 Th/s, it meant it could make 10 trillion calculations per second. The more miners there are competing, the higher the hash rate becomes. Fernando Ulrich tweeted last week that on 3rd December Bitcoin had its second largest drop in mining difficulty in its history -15.1% (the largest was -18.0% on 1st November 2011)

I recently spoke with a friend in the mining sector and confirmed that he can profitably mine at US\$2,500, however, there are many who simply cannot afford this as they invested too heavily in equipment and infrastructure. In China there are currently a significant number of examples where miners are selling their equipment because they cannot compete. However, as Anthony Pompliano observed, "something interesting happens as we get closer to the \$2,500-\$3,000 range. The miners with high expenses continue to shut off their machines and hash rate keeps decreasing, but the mining difficulty actually DECREASES and it becomes MORE PROFITABLE to mine Bitcoin for the miners who are able to stick around."

It appears to me therefore that, in the same way the Crypto winter has starved out poorly planned ICO projects and most of the bad actors, we will see the mining community have its proverbial tree shaken which will mean that only those with efficient operations and/or deep pockets will survive.

Security token offerings (STOs) on the blockchain have revolutionised the ethical investment world. Currently, impact investing can mean anything from mobilising capital to support a new library in Ecuador, affordable housing in Canada to funding eco-tourism in devastated locations.

Helping start-ups and enterprises to raise capital for ethical projects, impact investing supports initiatives that have a positive social impact. Like traditional investors, they expect not only to have a social and environmental impact but to make a financial return as well.

Combining blockchain technology with traditional finance mechanisms, STOs enable traders to enter crypto markets in a secure fashion. In short, they are an investment contract. By using private capital to address ethical concerns, STO investors can make financial returns on eco-tourism, proptech, sustainable development, and education projects.

Most investors have their own idea of what it means to be



STOs are a more reliable tool for investors

'socially good'. It could mean prioritising community projects in their home country or focusing on specific areas: healthcare, infrastructure or climate change. Since the advent of STOs, investors can improve people's lives, support new ideas or transform a business location.

'ICO 2.0' STOs are often referred to as ICO 2.0. Unlike regular Initial Coin Offerings

TOKENISATION TO HELP ECO-TOURISM



PropertyBay is investing at Dunk Island, Australia

(ICOs), they provide legal protection to investors and token issuers. STOs issue security tokens, a similar concept to stocks and shares, only this time, they are facilitated through blockchain smart contracts.

STO investors have voting rights, where algorithms are encoded on a digital ledger to work only when certain conditions are met; ensuring token holders are verified owners of their asset and more secure than unregulated ICO investors.

While ICOs are an attractive medium for individual ideas, most companies work upon multiple projects at any given time, so STOs are a more reliable tool for investors.

STRENGTH IN REAL ESTATE OPPORTUNITIES

With the crypto market undergoing a downturn in 2018, security tokens offer investors security in an unstable marketplace. Most people already know that property is one of

the most reliable investment bets you can make, with the opportunity to buy, sell and trade in real estate providing consistent growth with investment.

Australia is becoming increasingly popular with global investors. Its stable financial institutions and well-regulated land title system ensure its property market has remained buoyant since the 2008 financial crash, with high capital gains rates in its cities, towns and holiday resorts.

PROPERTYBAY LEADS THE WAY

PropertyBay is leading the way in the digital eco-tourism space, where eco-tourism and technology meet with a tokenised investment platform.

The company's vision is to create the world's largest property-focused STO, which will oversee a genuinely diverse and unparalleled portfolio.

It is transforming world-class Australian resorts by restoring underval-

ued locations into luxurious travel destinations. Investors benefit from having their assets underpinned by a portfolio of unique real estate assets, with all the reliable benefits of an STO.

With blockchain offering a secure and immutable way to manage contracts between token issuers and investors, proptech companies have an opportunity to gain a foothold in a transformational market.

DUNK ISLAND'S CRYPTO RENAISSANCE

PropertyBay's inaugural project is located at the Great Barrier Reef and includes world-class development assets, with outstanding resort benefits and profit opportunities for investors.

Dunk Island was considered the jewel in Queensland's tourism crown before Cyclone Yasi destroyed its infrastructure in 2011. The project will not only resuscitate Dunk Island's image with an eco vision; it will re-establish a community that depends on tourism.

The proposed new development includes a five-star resort and glampsite with luxury restaurants, swimming pools, a day spa, golf course, and a conference centre. PropertyBay will also include new villas and beachfront eco-suites featuring solar panels and water tanks.

Partly funded through crypto-currencies, the island's new developers want to start restoring its fortunes in the first quarter of 2019.

STOs help revitalise communities such as Dunk Island as they are underpinned by real-world assets. Optimistic and safe, security tokens are going to play a transformative role in improving the lives of communities for many years to come.

This is an opinion piece brought to you by PropertyBay, in conversation with James Bowater.

Discover more about the Dunk Island Project: register.dunkisland.io

THE BRITISH BLOCKCHAIN INDUSTRY ASSOCIATION

Open to the World, British at the Core!

WHAT IS THE BBIA AND WHY WOULD I JOIN IT?

If you work in the Blockchain industry, you would like to, or work in Fintech or in an industry that will be directly impacted by blockchain technologies - and there are many including Government, Healthcare, Media and Logistics as well as Financial Services, then this is for you.

In the coming months and years Blockchain technologies will be as pervasive as the internet itself transforming business models in ways that are becoming clearer by the day but are impossible fully to predict. Making some industries and institutions many times more efficient and altering, decentralising, others beyond recognition.

If you're involved in tech more generally and especially Fintech, or rely on them the impact is likely to be profound. Likewise the impact

on the recruitment and jobs landscape.

If this seems overblown think back, if you can, to the days before the web became pervasive and you'll recall that the nature of work as well as the skills needed have changes almost beyond recognition. This time things are moving far faster.

WHAT DO I GET?

This will depend on your level of membership but as an online member, which is free until formal launch in the spring, as well as all the things you'd expect of an industry association focussed on its members we'll be providing access to a network of real experts with hands on experience. We'll be offering insights into the trends and new application as well as the players in this fast developing area.

Register free now at BritishBlockchainA.org

TOKEN INTELLIGENCE

Fractionalisation UK, giving it all away

The UK is currently throwing away a multi trillion dollar global opportunity - and we have form! We've a history of wildly creative inventiveness - and then throwing it all away.

Up to and including the invention of the digital computer itself, with the plans from Bletchley Park going up in smoke straight after the war by order or Winston Churchill himself Certainly more costly than even for all those who turned down The Beatles ("guitar bands are on the way out") and, war apart, probably the costliest 'unforced error' in history.

The cost to the UK economy - and world leadership - is incalculable. Now we're at it again. Those familiar with this column will know that, despite all the flack and black propaganda, there is now no doubt that both Blockchain and the cryptocurrencies it enables are here to stay and will be transformative. This is no longer in question - what is is whether this will just transform what we have, making existing centralised institutions more efficient and friction free but just as unequal, or replace them with decentralised networks. Or indeed a mixture of both. (If history is any guide the invariable outcome with technology is the latter). Hence the fact that even scions of the establishment such as the IMF's Christine Lagarde is calling for governments to setup their own cryptocurrencies, and last Tuesday, delivering the Kissinger lecture in Washington, she declared "Through biometrics, blockchain, and more we can find creative ways to build a better, safer system for the long-term. Governments can and must work with the world's best engineers to build stronger cyber security systems that protect people's bank accounts and their well-being. This is a common good we must choose to support".

Fractionalisation, now made practical by Blockchain technology and tokenisation, is set to make assets more fluid, safely decoupling ownership from use and physical location in new ways. It's hard to estimate the value of this but the potential certainly runs into the trillions of pounds.

J P Morgan is quoted as saying that "Gold is money, everything else is credit". So gold's a special case - partly because it is iconic of value. Like a 'stablecoin' it fluctuates in value but we all know that short of a totally unexpected event (such as a largish asteroid made of it landing in someone's back garden) it will at least retain most if its value. So it is an obvious candidate for fractionalisation - if only to make it safer to own (it can stay in a vault) yet easier to move ownership around.

Indeed this is what the pound sterling used to be - a gold backed asset token - before the removal of the 'gold standard'. So tokens are far from new. Who can, practically, issue them is however: Those tokens (pound notes) were issued by a trusted authority - trusted by users not to abuse their position.

Roughly 1,130 years in though surprising it was, perhaps, natural for one of the world's oldest mints, the UK's Royal Mint, to take an interest - their strapline being "Established for Tomorrow."

So it was that almost three years ahead of the rest of the world - an eternity in this technology - the UK was ready with a world's first cryptocurrency from such an official source - a millennia old mint owned by UK PLC no less. A taxpayer funded cryptocurrency - years ahead.

A team had been assembled. A custom blockchain built. A billion worth of investment lined up and Royal Mint Gold was announced and ready to go. Then, at the very last moment, someone took fright and pulled the plug - throwing away a multi million pound project... the funding of which is of no consequence set alongside the incalculable cost to UK PLC - it's just a benchmark.

The project was, however 'paused' not cancelled. Meanwhile a three year lead has been lost. They cannot be recaptured. The loss is grievous and incalculable. But the project can and now should be revived. If not, why not - Mr Chancellor?

Email Barry.James@TokenIntelligence.io questions or listen to the latest at ICORad.io

Crypto A.M. shines its Spotlight on Nouvive

This Christmas avoid giving your loved ones a branded wallet, give them a digital wallet. They will thank you for years to come.

Nouvive has been asked to weigh in on which CryptoAssets are at the top of this year's Shopping List. We take this opportunity to discuss how easy it is to enter Crypto and the different opportunities within it.

Those reading the news over the past year, will naturally be scared of entering Crypto. Since January 2018, it has decreased by more than 80%. It should be noted, that this too happened in 2011, 2013, 2015 and now 2018. Having received the approval of global banking communities, Crypto is a new Asset class and it is here to stay.

ENTER CRYPTO FOR FREE

1. Bounty Hunting: This involves for those more technologically astute to find flaws in codes of coins that are relatively new to the market, you later get paid in the coin as a result of it. Likewise, those of marketing capacity can get paid for marketing the projects on social media.

2. Airdrops: Simply download a digital wallet and start accepting coins which are newly introduced to the market. Coins you receive during Air Drops can later become either worthless or incredibly valuable, as was the case of Ontology in 2018 which went from Worthless to \$8 Valuable.

DIP YOUR TOE IN THE WATER Mining and Staking involve utilising computer hardware to generate new coins. It is a transaction and in return for solving a technological problem or simply holding coins; you receive coins as a token of appreciation.

1. Mining involves purchasing computer hardware to solve problems; in return for which you are paid for



What gift is better than financial growth?



Mik'aeel Dada, Managing Partner of Nouvive

confirming and processing transactions across the blockchain. 2. Staking involves buying coins, holding them on a digital wallet for a period of time and in return, you are paid for helping the community.

LONG-TERM INVESTMENTS

Those interested in actively investing within CryptoAssets must understand that Crypto is a very volatile Market, one thing can be stated is that it is not going to go away, and any investment is a decade long investment. Those interested in actively investing, should buy using WirexApp.com/Nouvive or London Block Exchange before transferring their Bitcoin, Ethereum or XRP to Binance to look for investments. Alternatively, they can check out Nouvive: Home of Crypto Enthusiasts, Investors & Traders where you can find about long-term investments, short-term trades or opinion pieces.

This Christmas forget the generic gifts; help your loved ones discover a life-long investment by giving a digital wallet. After all, what gift is better than financial growth?

Mik'aeel Dada of Nouvive: Home of Crypto Enthusiasts, Investors & Traders.



BLOCKCHAIN AND DIAL-UP MODEMS

Meinhard Benn, Founder & CEO of SatoshiPay

It's been a decade since Bitcoin appeared. While ten years may seem like a long time on the internet, arguably, this only puts us in the early days. If we take history as a yardstick, the internet protocols emerged in the early 80s, but it took until 1991 before the World Wide Web was created by Sir Tim Berners-Lee.

So we could compare the current state of blockchain to where the internet was in the early 90s. Those were the days of dial-up modems, newsgroups, and the Mosaic browser.

From the Bitcoin idea sprung a cornucopia of alternative cryptocurrency platforms, that continue to innovate on the basic concepts. One

of the most mature platform is the payment network Stellar, which uses a "distributed ledger technology" that is more efficient than the Bitcoin protocols.

Blockchain has already been used with great success in some niche markets. A case in point is Numerai, a hedge fund, which used their own crypto token to incentivise data scientists to submit stock market predictions.

Beyond the niche, the first touchpoint most people have with a cryptocurrency is a so-called "wallet", where their crypto funds can be stored. Wallets come in range of flavours and security. From super-secure hardware

wallets like Trezor or Ledger, to wallet apps like Copay, there is a range of options for balancing ease-of-use versus security.

While we're still in the early days, the days of the crypto dial-up modem, there is much to be excited about. That's why an early internet pioneer like Apple co-founder Steve Wozniak called it the next "IT revolution". We at SatoshiPay have made wallet usage almost invisible by adding a user-friendly, login-free web interface on top of it. The same way that the internet became accessible with the Mosaic browser, it is with safe, easy-to-use tools that mainstream blockchain adoption will come.

