



TOKEN LAW AND MARKETS

Proceedings and keynote speeches of the I Token World Conference

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DERECHO DE
BLOCKCHAIN Y
DIGITALIZACIÓN
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Director: JAVIER IBÁÑEZ JIMÉNEZ

**TOKEN LAW AND MARKETS:
Proceedings and keynote speeches of
the I Token World Conference**

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MOISÉS BARRIO RODRIGO BUENAVENTURA
ALBERTO J. TAPIA HERMIDA



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INDEX

Foreword, JAVIER IBÁÑEZ	11
Opening session of the I World Token Conference, MARIANO VENTOSA	17
The future of investment tokens: battle lines are drawn, SIÄN JONES.	19
MiCA Regulation: legal matters still pending, JAVIER IBÁÑEZ	25
I. Foreword	25
II. Specific legal matters still pending or difficult to cope with for the MiCA regulator, in accordance with the September of 2020 published text.....	27
III. Common legal problems still unsolved at both sides of the Atlantic Ocean in cryptoasset regulation	30
IV. Other relevant issues brought to MiCA Regulation beyond the scope of traditional security markets or exchanges for the trading of quoted instruments.....	31
Short-term horizon for DLT public-permissioned networks in Europe, JESÚS RUIZ	39
I. Introduction	39
II. The role of public-permissioned DLT networks	41
III. Towards trusted DLT and tokens for the common good	45
What does the MiCA regulation offer in terms of privacy?, JÖRN ERBGUTH	47
I. Definition of distributed ledger technology (Art. 3.1.1)	48
II. Privacy coins.....	49
III. Decentralized finance	51
IV. Publication requirement.....	52
V. Publication of decisions and penalties.....	52

VI. Assets in exchange for personal data are not considered to be free	53
VII. Conclusion	53
Token taxonomy in MiCA Proposal and data protection issues, XAVIER FOZ AND TERESA PEREYRA.....	55
I. Token taxonomy in MICA Proposal.....	55
II. Data protection issues and MICA proposal	57
Applicability of US money transmission regulation to tokens, ADAM FLEISHER.....	63
I. Introduction.....	63
II. U.S. State Money Transmission Licensing	64
III. U.S. State Standalone Virtual Currency Licensing.....	65
IV. US Federal Bank Secrecy Act.....	66
V. Conclusion	68
Presentación del libro “Tokens-valor (Security tokens). Régimen de los criptoactivos negociables y sus mercados (MiCAs)” Reus ed., Madrid (2021), CARMEN ALONSO LEDESMA	69
La regulación jurídica de la inteligencia artificial, MOISÉS BARRIO ...	77
I. Introducción	77
II. Concepto de inteligencia artificial.....	79
III. Modalidades	80
IV. Algunos problemas jurídicos de la IA.....	81
V. Iniciativas de la Unión Europea sobre la inteligencia artificial	82
VI. El Libro Blanco de la Comisión Europea sobre Inteligencia Artificial	86
VII. La Propuesta de Reglamento del Parlamento Europeo y del Consejo por el que se establecen normas armonizadas sobre inteligencia artificial (Ley de Inteligencia Artificial) y se modifican otros actos legislativos de la Unión	88
VIII. Propuestas del Parlamento Europeo.....	89
IX. Iniciativas de los Estados miembros.....	92
X. España.....	93
XI. A modo de conclusión	96
Building next-generation institutional Digital Market Infrastructures (DMI), TIM GRANT	99
I. Foreword	99
II. A note on SIX Digital Exchange.....	100
III. The old and the new market infrastructures	100
IV. Attracting global integrated institutional liquidity in SDX.....	101
V. Tokenization and the NFT movement	103
VI. The forthcoming SIX - SDX business model.....	104
VII. Conclusion: the future of SDX.....	107

Sustainable asset-referenced tokens: regulatory and technical aspects,	
SUZANA MARANHÃO AND JAVIER IBÁÑEZ.....	109
I. Introduction.....	109
II. Fungible Tokens.....	110
III. Non-Fungible Tokens (NFT).....	111
IV. Purpose-driven Tokens.....	112
V. Some additional concerns.....	113
VI. Regulatory issues.....	113
A) United States.....	113
B) European Union (MiCA Regulation).....	115
VII. Conclusions.....	116
Security tokens and issuer funding: legal concerns in MiCA Regulation,	
ANA FELÍCITAS MUÑOZ.....	117
I. MICA/MIFID. EU framework for cryptoassets.....	118
I.1. The taxonomy of cryptoassets.....	118
I.1.1. <i>Cryptoasset in relation with the Asset: Tokens that exist off</i>	
<i>the chain and native token</i>	119
I.1.2. <i>Moving on the EU framework and classification in the</i>	
<i>MICA and MIFID</i>	120
I.2. Concerns: Hybrid nature of certain cryptoassets and risk of	
duplicity regulation.....	123
II. Issuer in the EU framework of cryptoassets.....	125
II.1. Definition of “Issuer” as “legal person” in MICA for all types	
of cryptoasset.....	125
II.2. The status of the offeror.....	127
2.2.1. <i>Issuance and issuer in relation of the type of crypto-asset</i>	
<i>offered</i>	127
2.2.2. <i>Some features of the corporate governance and civil liabil-</i>	
<i>ity accordingly the issuer. Comparative table</i>	130
Tokens referenciados a activos, monedas digitales de banco central y	
las stablecoins: naturaleza y riesgos regulatorios a la luz de la pro-	
puesta de Reglamento europeo (ARTs, CBDCs and stablecoins: nature	
and regulatory risks), PABLO SANZ BAYÓN.....	135
Asset tokenization: challenges, benefits and guidelines, LUIS	
MARTÍNEZ.....	149
I. Introduction.....	149
II. Asset tokenization.....	151
III. Benefits and challenges of asset tokenization.....	152
III.1. Benefits.....	152
III.2. Challenges.....	154
IV. How to succeed in tokenizing assets.....	155

V. Conclusions.....	156
VI. References.....	156
The Olive Oil Token Market, ANTONIO PARTAL.....	159
I. Introduction.....	159
II. Benefits derived from the implementation of an olive-oil token market in DLT permissioned networks	160
Token business models and the financing with venture capital, MATTHIAS FISCHER.....	163
I. Introduction.....	163
II. Worldwide developments for venture capital financing and the Blockchain start-up landscape.....	166
III. The median time between two successive financing rounds for Blockchain and Cryptocurrency fintechs.....	167
IV. Patterns in funding size of successive financing rounds.....	167
V. Comparison between financing rounds A and B.....	168
VI. Conclusion.....	168
Crypto-regulation, does MiCA mean investor protection or restriction?, RICARDO PALOMO.....	169
La circulación jurídica y sus señales. De la <i>traditio</i> a la blockchain, CARLOS DE CORES HELGUERA.....	175
I. Introducción	175
II. Mirar el problema desde la teoría	176
III. La <i>traditio</i> como señal de circulación jurídica y su evolución	177
IV. La tecnología blockchain como una nueva etapa histórica para la circulación jurídica	179
V. Conclusiones	182
Chairman’s closing speech, RODRIGO BUENAVENTURA.....	185
I. Preliminary words.....	185
II. Innovation hub and Sandbox	187
III. Cryptoassets and their advertising	188
IV. DLT technology as a positive disruption and market efficiency benefits.....	190
Announcement of Alastria Conference: “Circulación de criptoactivos: protección del inversor y responsabilidad”, ALBERTO J. TAPIA HERMIDA.....	193

FOREWORD

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I. ALASTRIA'S WORLD TOKEN CONFERENCE, A WORLD ACADEMIC FIRST

It is a high honor and an undisguised satisfaction for the Academic Council of Alastria Legal magazine, in the difficult circumstances that surround us all in 2021, to announce, in the first place, the publication of the third number of its first period. With the invaluable and most effective help of the members of the Academic Council itself and the Editorial Committee responsible for the edition, we have prepared for the Alastria ecosystem and for society in general an extraordinary monographic number on the World Token Conference convened by the Alastria Red Consortium and issued from the headquarters of the Comillas Pontifical University of Madrid which, at the beginning of April, took place with the participation of more than thirty speakers from ten countries to present, debate and present proposals about one of the central objects of technology of distributed registry according to the international standards of the industry: the token or cryptographic token, cryptoactive annotated in a blockchain that allows to represent any type of object for circulation in a distributed network, even incorporating credit rights to facilitate the creation of new markets.

The central objective of the conference, led by world renowned experts in blockchain technology, was to unite and present different economic, regulatory and technological experiences about the world of tokens and tokenization, precisely when these tokens are issued, traded and transmitted on distributed registry platforms with the use of the corresponding technology (DLT). The blockchain architecture, in decentralized multinodal networks, facilitates with considerable advantages over other traditional computer registries the management and administration of crypto-assets (tokens), from the moment of their creation or issuance, through that of their assignment, transmission or circulation, until its extinction. Processes that ideally take place on public distributed platforms that are authorized or “permissive”, under public administrative control and with guarantees of material or technical and economic security, where a new industry of tokens and intermediaries (cryptoactive service providers) is born to facilitate a much more efficient negotiation than that developed through book entries for investors and issuers: that of new tokenized assets, in an encrypted digital format.

As the reader will have the opportunity to verify, the essential issues for governing the new capital markets in Europe and America were examined at the conference, comparing the pre-existing regulation on both continents with the new one, on the basis, in the case of the Union. European Commission, of the proposed Regulations for the so-called DeFi Pack, the legislative core of the Commission’s so-called Digital Finance Strategy. In particular, attention was paid to the treatment of tokens in the proposal for a Regulation of the European Parliament and Council on cryptoactive markets (MiCAs), of September 2020, in the amendment phase, in whose formation before the European Commission Alastria participates through its Legal Committee through the work of the MiCA Task Force of the European International Association for Trust Applications in Blockchain (INATBA); workforce where several members of the Red Alastria Consortium Legal Committee participated, including Pedro Méndez de Vigo (Cuatrecasas, who served as Alastria’s rapporteur before the Task Force) and Javier Ibáñez (Comillas), Sponsor of the Investigation and Transfer Commission Tecnológica de Alastria and Director of the Fintech Observatory of Comillas. These works focus on the key legal issues for companies and the public sector regarding the trading of financial and non-financial crypto assets.

II. CONFERENCE DEVELOPMENT

This world congress, on its first day (March 6) inaugurated by the Vice-Rector for Research of Comillas, Mariano Ventosa (March 6), addressed through the representatives of the MiCA Task Force present (Siân Jones and Javier Ibáñez), the key aspects of the regulatory policy of the European Commission and the pending tasks of regulatory treatment both in the European legal system, beyond the Regulation, and in the national legal systems, with special emphasis on the Spanish case. Jesús Ruiz, member of the Alastria Board of Directors and Alastria's chief technology officer, at the end of the day, recalled Alastria's challenges in building permissioned public networks with the use of blockchain technology, capable of supporting token contracting platforms- value of a financial nature, which will function as new capital markets, with contracting peculiarities that this technology provides at the service of efficiency.

The second day (March 7) was dedicated to the deepening of the experts in the EU regulation related to the new digitization strategy, to discuss burning issues on key topics, in particular, the Proposal for the Regulation of crypto assets markets o Marktes in Crypto-Assets (MiCA); For example, those presented by the issuance and circulation of new tokenized digital currencies whose issuance is being planned by the Central Banks of China, the United States and other leaders of the international financial systems. At the Conference, special emphasis was placed on the case of the digital ruble under construction in Russia, as stressed by Alexander Chuburkov, International Telecommunication Union work leader for the 2019 DLT Legal Framework report). Likewise, there was an opportunity to address the taxonomy and legally relevant characteristics of the tokens according to their typology (Pedro Méndez de Vigo, Cuatrecasas lawyer who has led the work of the Alastria legal committee on tokenization together with Javier Ibáñez, who commented on the taxonomy); and certain aspects related to DLT governance related to tokenization (Ismael Arribas, moderator of the aforementioned speakers). In the second round table, within the same session, legal aspects of the MiCA regime were analyzed (Jörn Erbguth, professor at the Swiss University of St. Gallen and co-leader of the ITU DLT Focus Group, in relation to GDPR and other European standards; and Alejandro Padín, partner of Garrigues and member of the Alastria legal committee

specialized in the group's work on data protection and DLT), completed with the presentation of technological aspects on anonymization, selection and segmentation of data in blockchain carried out by Xavier Foz, Board Member of Alastria and partner of Roca Junyent; and with comments from Prof. Ibáñez on the matter, coordinator of both tables, whose monograph on Security Tokens (Reus 2021) was successively glossed and reviewed by the professor of Commercial Law Carmen Alonso, the State lawyer Alfonso Codes, and the lawyer of the Council of Moisés Barrio State, all leading experts in the analysis of the legal regime of digitization. The attendees were then able to benefit from the experience in the tokenization regime that Adam Fleisher, an expert in legal technology at Cooley treasures, who offered from the United States, after a presentation by Guadalupe Sampedro, from the same North American firm, a substantial catalog of the vicissitudes, regulations that the token regime goes through in that country and the essential problems that today the federal regulation of tokens raises. And to conclude the session, Doctors Marta García and Salvatore Moccia correctly glossed the essence of the contents that are now published in this number 3 of the Alastria Legal magazine, which is configured by essentially collecting the contents of the Congress (without properly constituting their minutes, however), and where the essence of the EU Digital Finance Strategy is collected, from the point of view of commercial legislation and corporate strategy techniques associated with the development of distributed ledger technology.

The day of April 8, no less interesting than the previous ones, opened with a Keynote on the new European token markets, specifically the Swiss SDX of the SIX group, which, as is known, has recently acquired the Spanish organized exchanges and secondary markets. By Tim Grant, Head of Business at Six Digital Exchange located in Zürich, the speaker's reading focused on building the keys to the new generation of digital market infrastructures (DMIs), and how they make up a qualitative leap compared to known secondary markets. For its part, the presentation on sustainable regulation of tokens by the well-known leader Suzana Maranhão, Rapporteur of ITU-T DLT Standardization Group, and Vice President at the International Telecommunications Union of the working group on DLT and liaison or liaison with the bank development agency BNDES, presented interesting theses on the tokenization of goods and non-fungible tokens and their characteristics.

The second conference, on primary markets for tokenized securities, and their MiCA regulation, was given by Professor Dr. Ana Felicitas Muñoz, a consecrated mercantilist at the Rey Juan Carlos University of Madrid and a member of the Alastria Research and Transfer Commission. The interesting theses of the author on the subjects of the primary market and on different definitions of the regulation highlighted the fragility and inconsistency of the Regulatory Proposal when it comes to meeting the interests of the industry and regulation in different Member States. The following presentation, on referenced or underlying assets regulated by the MiCAs Proposal (Asset-referenced tokens or ARTs) and also on digital currencies issued by central banks or Central Bank D-Currencies, was led by Prof. Dr. Sanz Bayón, Mercantilist from Comillas and coordinator of the Garrigues Chair at that university, who spoke about the regime of so-called stablecoins and their regulatory risks. The subsequent intervention in a round table by Pau Roca, General Director of the International Wine Organization, and Luis Martínez, Head of the Center for Advanced Studies in Information and Communication of the University of Jaén (CEATIC), focused on aspects of the efficiency of price in tokenization on underlying commodities, a huge social challenge that faces nothing less than solving problems such as price formation in agricultural underlying markets via new markets for tokens on these real assets, and the fight against fraud and the distorting monopolies of free market forces. In this context, Professor Partal, Head of the University of Jaén, made a brief proposal for the construction of a token market on olive oil in line with the proposals he already made at the world congress on blockchain “Convergence” in November 2019 at the Palacio de Congresos de Málaga, during the development of the international Challenge for the optimization of compliance with the United Nations Sustainable Development Goals for 2030 (Goal 2, nutrition). This table was moderated by the economist José Carlos Díez, from the IAES Thinktank of the University of Alcalá de Henares, where he is Professor of Fundamentals of Economic Analysis.

The closing day, April 9, began with a table on sovereignty and monetary policy and cryptocurrencies for global financial stability, where Prosper Lamothe, Professor of Financial Economics at the Autonomous University of Madrid, presented his thesis on bitcoin as

eventual substitute for gold as a safe haven value or stable currency; contrasting his opinion with that of Ricardo Palomo, Dean of the Faculty of Economic Sciences of the CEU San Pablo University at its Madrid headquarters and leader of the Alastria Research and Technology Transfer Commission. Juan José Durán, Emeritus Professor of International Economics at the aforementioned Autonomous University acted as moderator. In an extraordinary presentation that the Rector of the Claeh University of Montevideo, Dr. Carlos de Cores, gave (by exception with respect to the rest of those held in Congress, in Spanish), the essential civil aspects of the licensed networks were highlighted, especially in terms of nodal responsibility and network governance, in his speech on the private nature of crypto assets and the key custody services provided in these networks. Then, the final table of Congress gave room for some conclusive reflections on the legal principles and legal policies followed by the Proposal for the Regulation of Crypto Assets Markets around which a good part of the previous interventions revolved. Such conclusions were presented on behalf of the Garrigues Comillas Chair in Modernization of Company Law, and conducted by its co-director at Comillas, prof. Dr. Ibáñez.

The closing of the World Token Conference was led by the current President of the National Securities Market Commission, the Spanish supervisor of the securities markets and negotiable instruments, who set out the master lines of the goals and milestones of the supervision that await this body when applying the regulations of the European Digital Finance Strategy and in particular the MiCA Regulation. Rodrigo Buenaventura's words were sealed by others much shorter as an official closing of the international Conference, which was delivered by the Dean of the Comillas Law School, Prof. Dr. Abel Veiga, thanking mr. Buenaventura and all the speakers for the depth and timeliness of their speeches.

The first Token World Conference, held in Madrid from 6th to 9th of March of 2021, was organised by the director of this book, head of the CITT –Technology and Transfer Research Commision– of Consorcio Red Alastria, the first Spanish –and European– private-law association to create a blockchain / DLT consortium to set public-permissioned DLT networks), at the Comillas Pontifical University (Madrid).

Roughly thirty world leading blockchain and DLT experts from ten countries contributed to this academic and professional enriching forum, wherein exhaustive keynotes and round tables were offered by means of both streaming and live presential channels for an enthusiastic audience.

As a result of the collected proceedings of the conference, this monograph on token law and tokenomics shows the advances in American and European token law, emphasizing the essential issues posed by the new Digital Finance Strategy for DeFi and for tokens markets, encompassing the three Proposals of Regulations (MiCA tokens, market infrastructures and DORA regime), and other challenging matters for the future of EU digital cryptoasset regulations, foreseeably duplicated for MiFID 2 and MiCA markets.

Economic substantial problems were also treated by some of the speakers, in crucial matters as tokenomics, bitcoin, cryptocurrencies, ICO/STOs, CBDCs or industry DLT network practice.

The expertise of INATBA speakers and public and private financial-market representatives (including the President of Spain's securities markets authority, CNMV) boosts the value of this Conference, particularly those from INATBA (International Association for Trusted Blockchain Applications), leading NGO present at the regulatory DeFi-pack processus) who have significantly influenced in the amendments of the MiCA regulation, some of them prepared by Prof. Ibáñez and other Keynote speakers at the INATBA MiCA Task Force.

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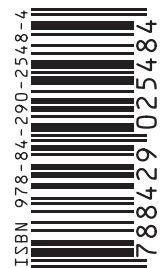
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9