

Workshop on Cryptolegders and the Law

Location: Cambridge, MA - Berkman Center at Harvard Law (TBC)

Tentative dates: January 17-19 2015

Convened by:

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- Joel Dietz, *Swarm*

Cryptolegders provide a novel way of issuing secure and tradable tokens via a distributed networks. Although sometimes described as “cryptocurrency,” implying that the use value of the tokens is closest to currency, there are numerous other potential applications of these tokens that range from stock equivalents to previously unimaginable forms.

Although generally referred to as “cryptoequity” they can be divided into the following categories:

- (1) Shares in a project that serve as a function similar to stock, allowing participation in the decision making and participation in financial upside (*i.e.* BitShares)
- (2) Tokens which represent ownership in something other than a company, for example intellectual property (*i.e.* @@ are there no examples yet?)
- (3) Product tokens which are redeemable for some product, perhaps one consumable in the context of a decentralized technology (*i.e.* Ethereum)
- (4) Access tokens which provide access to a particular set of benefits within a network, similar to a membership (*i.e.* Swarm)

Because in some of the aforementioned cases there may be no necessary relation back to the existing legal regimes, the context in which they operate is currently outside the law which presents both problems and potential.

The legal system is currently lagging behind these technological developments and does not properly account for the granularity of these cryptographic tokens, which currently stand in the gray-area of the law. Legal uncertainty might dissuade people from adopting these technologies, thus discouraging the deployment of new applications that could be highly beneficial to society.

While the need for a legal reform is pressing, for the time being, it is important to understand how we can benefit from the opportunities provided by cryptolegder-based technologies in a way that remains compliant with the law.

The purpose of this workshop is to examine both the problems and potential of cryptolledger-based applications from the standpoint of the existing legal infrastructure.

In particular, it hopes to answer the following questions:

- Under what circumstances should tokens issued in the above categories fall under existing regulations? For examples, securities as defined by the 1933 securities act.
- Under what circumstance can new legal infrastructure be developed which accommodates these tokens? For example, how can individual tokens be linked to legally enforceable intellectual property.
- To what extent can we rely on technical and contractual means to deploy a system of internal validation and self-regulation that complies with current sectoral regulations?

The workshop will be subdivided in two parts:

During the first two days, workshop participants are expected to produce a collective statement on these topics. The objective is to gather a few lawyers and entrepreneurs involved in the deployment of cryptolledger-based applications, in order to sketch out a techno-legal framework that could resolve the issues that most of these applications are currently facing, without hindering their distributed potential and decentralized character. By the end of the two days workshop, the results will be presented to a larger audience of entrepreneurs and policy makers.

The third day will convene a small number of policy makers and Fincen/SEC representatives to join the other workshop participants in a roundtable discussion, with a view to assess the viability of the presented solution. The objective is to converge towards a common understanding concerning the applicability of the law to these cryptographic tokens, and to identify the most pressing issues that should be addressed both in the legal and technical field.

List of participants:

- Elizabeth Stark (lawyer & entrepreneur)
- Constance Choi (lawyer)
- Andy Beal (lawyer, Bitshares)
- Shawn Wilkenson (entrepreneur, Storj) TBC
- Pamela Morgan (lawyer) TBC
- Jonathan Zittrain (lawyer) TBC
- John Clippinger (lawyer, entrepreneur) TBC
- Vitalik Buterin (entrepreneur, Ethereum) TBC