Global Token Association
An Association to Advance the Interests of the Token Economy

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"The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore, all progress depends on the unreasonable man." – George Bernard Shaw

Abstract

A new industry has emerged centered around cryptographic tokens hosted on blockchains. Technological innovations within this industry have the potential to solve some of humanity's pressing problems. However, the token industry is immature and faces significant threats from status quo actors. Leadership is required to bring the potential of this industry to fruition. This association is intended to assume such leadership. In doing so, the association will work to bring about a new, more mature state for the industry to operate within and advance the interests of all stakeholders within it. This will include bringing greater certainty, enhancing self-regulation, connecting stakeholders, developing policy ideas, passing legislation, establishing rights for token owners, and more. The association will initially be financed through a contribution of Credo tokens with other financing options being evaluated at a later date. The association will seek to hire a full-time executive director and team to work on achieving its goals.

1.   Overarching Motivation

China banned ICOs and certain cryptocurrency exchanges in September 2017. This event demonstrated that purely focusing on specific projects is insufficient for token industry participants to bring about the change they want to make happen. Instead, industry participants must also account for the broader, macro industry conditions and work to influence those factors too. A cross-project, organized effort to shape the emerging token industry, embodied by this association, will help protect the industry from threats and bring about industry-wide improvements that will allow projects and innovations to flourish.

2.   Goals

2.1   Connect industry stakeholders

The token industry is made up of various types of stakeholders. These include token creators, token owners, service operators, regulators, legislators/politicians, law enforcement, and others. Our goal is to connect these various stakeholders to increase communication and collaboration.

2.2   Legitimize the token industry

Many businesses in the token industry currently operate within a gray area regarding the law. Activities in a large portion of these gray areas contribute value to the economy and society, and therefore ought to be explicitly permitted under the law. Our goal is to bring about formal recognition and legitimization of these markets and areas of operation.

2.3   Establish rights for token owners

Token owners currently lack basic rights that guarantee their freedom to participate in the global crypto economy. These rights include the right to freely transact and the right to be protected from excessive search and seizures of private keys and crypto assets. Our goal will be to draft a bill of rights for token owners and seek its passage in various jurisdictions.

2.4   Create regulatory certainty

Token creators and owners currently operate in an uncertain regulatory environment. This uncertainty deters some actors from pursuing valuable initiatives due to the associated risks. The uncertainty also increases risks and legal costs for businesses due to the additional efforts required to improve the likelihood of compliance. Our goal will be to create regulatory certainty across major applicable areas of regulation including security, commodity, financial, and tax regulations.

2.5   Ensure appropriate treatment for differing types of tokens

The ecosystem of tokens in this industry is diverse. Tokens vary by a number of attributes assigned to them, including but not limited to rights, functionality, utility, price, distribution of ownership, inflationary dynamics, reward functions, etc. The nature of a given token can be used to classify it into one of various classes. These classes include security/equity tokens, commodity tokens, utility tokens, decision tokens, and more. Our goal will be to develop a framework for the

classification of tokens and to establish differing treatment by stakeholders depending on the token class.

2.6   Establish and maintain political support for the token industry

The token industry currently lacks an organized effort to establish and maintain the political support necessary to pass legislation that will help the industry to flourish. Our goal will be to establish and maintain such support.

2.7   Reduce tax burdens

Token owners currently have to pay capital gains tax on simple transactions and the tax treatment of token sales can be uncertain. Our goal will be to develop a fair and coherent approach to taxation of token transactions in order to increase overall market activity.

2.8   Improved self-regulation

The token industry currently has relatively light self-regulation. Improving self-regulation will decrease the perceived need for government regulators to intervene and regulate the industry. Our goal will be to institute improved self-regulation of the industry through measures such as developing a rating system for tokens.

2.9   Develop policy ideas

Development of pro-innovation policy for the token industry is another aspect of realizing the potential of the ecosystem. Our goal will be to develop policy ideas through a think-tank style group.

2.10   Support policing of illicit activity

Tokens and cryptocurrencies still bear the stigma that criminals use them for illicit purposes, such as for the transferring of 'dirty' money. The reality is that transactions involving tokens may be even easier to track because the entire ledger is open to the public. Our goal will be to support the policing of such illicit financial activity by working with existing intelligence, investigative, and police organizations.

2.11   Prevent detrimental regulations and government interventions

It is vital for the token industry to not have detrimental regulations and unnecessary government interventions in the market. This is clearly demonstrated by the recent ban on all token sales and some crypto-exchanges in China. Our goal will be to prevent regulations and government interventions that could stifle innovation.

2.12   Collect and distill information on the industry

Information on the token industry is often sparsely collected and can quickly become stale due to the rapid developments within the space. Industry participants often have to learn about the latest developments on forums such as reddit that contain a mixture of true information, rumor, opinion,

and memes. Our goal will be to collect, organize, and distill higher-quality information on the industry.

2.13   Educate the public via media about token technology

Token and blockchain technology offers tremendous benefits over the financial status quo. That said, such benefits are poorly understood by the public and even by many of those who have adopted it. Our goal will be to educate the public and spread understanding of token-related technology.

2.14   Increase and unite token industry participation

The token industry is global yet still somewhat of a cottage industry. More industry participants will help spur additional innovation and economic activity. Uniting industry participants via the association will help us more effectively confront resistance from status quo actors. Our goal will be to increase participation in the token industry and unite participants to advance our common interests.

2.15   Develop a code of conduct for the industry

The industry currently lacks established norms for conduct. This creates a higher likelihood of unethical and unprincipled activity through the lack of clearly understood and equally adopted ethical means to operate; this makes governments more likely to institute onerous regulations. Our goal will be to work with major established partners (such as EFF) to develop a non-binding code of conduct and set of best practices for the industry.

3.   Financing

The initial financing for the association will be done through a contribution of Credos from Turing Technology, Inc. In time, we may solicit donations from association members and explore other financing options.

4.   Organization

4.1   Team

A few key positions have been filled within the organization so far. Specifically, Tim Draper is the Honorary Chair of the association and Stewart Dennis is the Executive Chairman of the association. Additionally, we've already brought on some founding association members made up of a few corporations and individuals.

4.2   Hiring Plan

The association will seek to hire an executive director to manage efforts to achieve the goals and to travel to important locations such as Washington DC to meet with stakeholders. In time, we will hire for roles such as a token analyst and policy wonks.