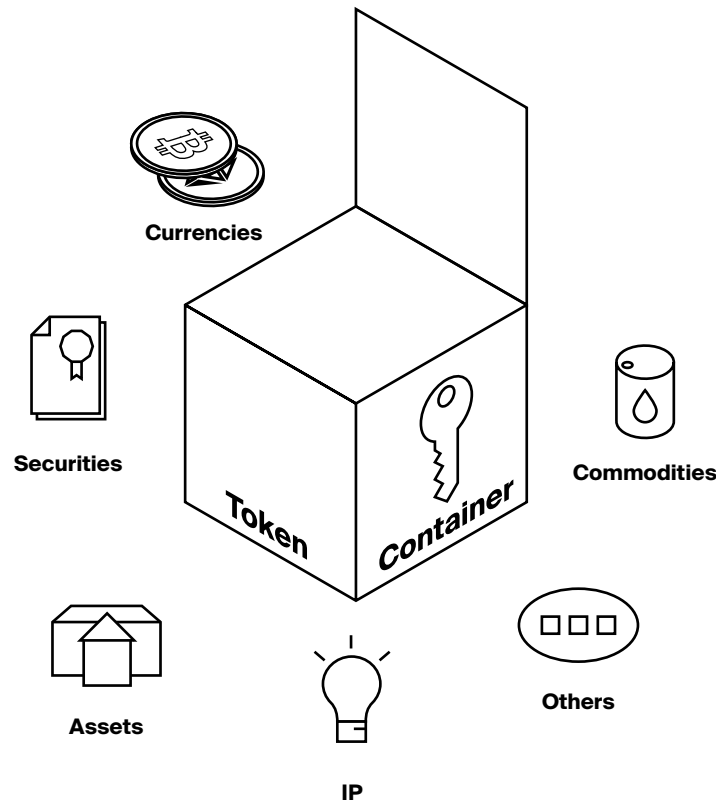


In October 2019 in Liechtenstein, the Blockchain Act/Token & TT Service Provider Act (TVTG) unanimously passed through its second reading in parliament. Enacted into law on January 1st 2020, this legislation provides the world's first comprehensive regulation of the token economy. But what is this law, and what does it mean for the future of Liechtenstein, as well as the future of regulation surrounding blockchain and crypto on a global scale?

The outstanding professionalism of the government and regulator show why Liechtenstein is well-positioned to continue its pioneering role in the blockchain space and will continue to strengthen its important position in future. The Blockchain Act is another step towards that goal and is the first law worldwide that governs the token economy.

already existing rights, but also rights to digital information based on blockchain systems.

Furthermore, recognizing the need for a bridge between the offline physical world and the online digital world, the TVTG introduces the role of the “Physical Validator” as a registered intermediary tasked with ensuring that the right to the underlying represented by the token is actually present. On this note, the TVTG also provides a civil law basis for what constitutes an effective transfer of the represented right to the token from party A to B, as well as what constitutes an effective transfer of these newfound digital assets in general. Expanding on the role of the Physical Validator, Liechtenstein is a country especially well-suited for providing these kinds of services, due to the trust history within the country. The token is defined as a



The heart of the TVTG is the “Token Container Model” (TCM) which enables a technologically neutral and agnostic token definition. Within this model, a token serves as a container that links the digital world with the physical world. This can be something physical, a property, gold, stocks, bonds etc., a service but also a digital code, such as Bitcoin. From this, it follows that the TCM offers not only a legal certainty of

piece of information on a TT (“trustworthy technology”) System which can represent claims or rights of memberships against a person, rights to property, or other absolute or relative rights and is assigned to one or more TT identifiers.

Here, the Physical Validator would ensure that the gold actually exists. If errors occur in this process, then the Physical validator bears the responsibility.