



To expand on the example of tokenized gold, we can say that several other service providers will be necessary. For example, a “Token Generator” is needed to set up the smart contract and the “Token Issuer” will issue the token. In relation to storage, there is the important role of the “TT-Key-Depository” who is responsible for the storage of the private keys. Many other roles are also affected, and this shows how regulated and structured the tokenization will be based on the Liechtenstein “Blockchain Act”. Besides the “TT Key” that allows for disposal, a “TT identifier” is necessary to accomplish the clear assignment of the token.

Another very interesting case is the tokenization of shares. In this situation, the TVTG makes it possible to bridge the gap between the classic financial industry and distributed ledger technology. Small and medium-sized companies, for example, can tokenize their shares and thus make them tradable.

The clearly defined assignment of roles in the token economy offers financial institutions, among others, new opportunities along the value chain. For example, a registered “TT-Generator” can also exercise the role of a “TT-Key-Depository” when storing the private keys as well as the role of a “TT-Exchange Service Provider” when trading crypto assets for fiat money. Companies can therefore assume several roles, meaning that customers can benefit from a single point of entry into the token economy.

The TCM is thus neutral, which allows for representing of rights to other kinds of tokens, including tokens that might be classified as utility tokens, stable tokens, etc. in other jurisdictions. Avoidance of this classification in favor of a more neutral approach shows the innovative nature of the TVTG. As opposed to other jurisdictions which highlighted these pre-ex-

isting definitions in their legislative framework, Liechtenstein has opted for the most neutral approach possible in order to accommodate change and innovation within the space. Therefore, the TVTG offers all sectors sufficient flexibility to enter into new business models and allows entrepreneurs to occupy niches and grow within a regulated environment.

This new legislation is being implemented in a country where the regulator responsible for its enforcement, the Financial Market Authority (FMA), already possesses the requisite know-how for dealing with these projects. With an entire department dedicated to the fielding of Fintech related inquiries, the FMA already has built up their knowledge base surrounding blockchain and crypto projects. This will only serve to grow the blockchain community here once the legislation is in place.

Although many argue that regulation in the blockchain sector is contrary to the peer-to-peer nature of the technology itself, the TVTG was carefully crafted in a manner that bridges the gap between pre-existing regulations and these new technological innovations, without creating unnecessary regulatory hurdles where technology already does the job. Rather, the framework is designed to ease the transition from traditionally centralized and regulated intermediaries to decentralized systems. The Act also aims to assist in curbing money laundering activities by subjecting service providers to AML and CFT regulations.

Contrary to what is often assumed, serious companies in the industry are looking for such a regulated environment. Therefore, the new roles and requirements regarding service providers within the TVTG create a support network for entrepreneurs seeing to become TT service providers, with the help of friendly