
BC4EU: Important Concepts About Blockchain

Blockchain for Europe is pleased to present this reference guide of important concepts about blockchain technology for European policymakers as they consider matters relating to blockchain technology.

Concept 1: Blockchain is a database technology that allows for the creation and transfer of digitally unique items and value. Its core features make it a better database software for many use cases but that does not change the user experience or its legal nature as a database.

Concept 2: The ability to have unique digital items applies to both tangible and intangible assets. But simply because an asset (e.g. shoes, currency, financial instrument, intellectual property rights, a shipment) is represented digitally should not change its essential nature. Before the advent of blockchain, many assets appeared in databases and no one claimed that this fact altered their utilization, valuation or legal classification.

Concept 3: Through digital uniqueness, blockchain allows for the transfer of value (assets) over the internet, rather than just the transfer information as has been the case. This leads some to consider blockchain a financial technology, which is too limited a characterization. Like other databases, blockchain has many use cases across commerce, communications and recreation.

Concept 4: Technology neutral regulation is important. The functions and features of a digital item should dictate its legal status or classification, not the technology used to create or transfer it. Similarly, the roles and activities of a person (legal or natural) should dictate their legal rights and obligations, not the technology they use to conduct those activities.

Concept 5: Blockchain and open source software more generally creates inclusion by allowing anyone with a computer and access to the internet to participate. Providing uncensored access to the internet should be an important goal.

Concept 6: Not all blockchain software is the same. Not all blockchain platforms are permissionless, decentralized and public. Blockchains can be used in a permissioned and private capacity, either within a single organization or across a group of organizations.

Concept 7: Blockchain is a global phenomenon, just like the internet. Coordination with other jurisdictions should be a consideration in policy decisions.

Concept 8: There are many blockchain companies filled with good actors. Policymakers should consider adopting laws and regulations designed to encourage the good actors, which will marginalize the bad actors and lead to successful innovation with broad societal benefits.