



Maintaining US Leadership in Innovation, the Global Financial System and Consumer Benefit

Requesting Market Structure for Digital Monies, Commodities and Assets

The US has the opportunity to maintain its leadership in innovation, the global financial system and in providing consumer benefit, but only if it moves quickly to establish market structure for the emerging area of digital monies, commodities and assets. With this in place, the US will continue to lead as the world complements digital communications and content with digital commerce. Without this structure in place, the real risk exists that other nations will move ahead rapidly, with decisions and choices which may not be to the US benefit in the medium term.

The Digitalization of Communications and Content

- The Internet didn't exist 30 years ago, and now billions of people are connected to the web every day, and remarkable new technologies have dramatically changed the way humans exist on our planet
- While greatly simplified, the innovation that enabled the digitalization of communications and content was a technology stack which we call, by shorthand, the Internet. Of course, it is not ONE thing. It is a combination of many things, which, taken together, allow us to communicate and share content in easy, accessible, low cost, and fast ways that have brought enormous value to every one of the earth's 8 billion humans
- Those may sound like broad statements, but if you go back and look at the ease, breadth of access, cost, and speed of accessing information in the 1980's, the comparison is stark
- The Internet drove so much consumer benefit that it is hard to fathom today
- Importantly, in the 1990's the US was the global leader in providing market structure and regulatory leadership for the emerging innovation
- As a result, the US benefited disproportionately from the innovation.

Stop The Internet Now

- It is easy to forget, but as this powerful technology stack was being rolled out, there were powerful voices who were arguing that the Internet needed to be 'turned off now.'
- The reasons were many, and there were legitimate concerns - copyright infringement, piracy and privacy, dark web usage, porn online, lack of sales tax for Internet e-commerce, and many others.
- Just to refresh your memory on one particular strand - as recently as 2012 protests were required to thwart the potential implementation of two proposed laws in the United States Congress: Stop Online Piracy Act (SOPA) and the PROTECT IP Act (PIPA)
- Many of us were concerned then that errant legislation might not only throw away the clear consumer benefits of digital communications and content, but also that fundamental rights like freedom of speech might be threatened
- Fortunately, level heads won out and the US continued to move forward with pro innovation regulation.



The Digitalization of Commerce

- Today the world is in the process of digitalization commerce, and more specifically all of the world's monies, commodities and assets – this is inevitable (it is inconceivable that we will use paper in a digital future)
- Once again there is a technology stack that is enabling this transformation, and this time we call it Blockchain rather than The Internet. All of the world's financial infrastructure will need to be upgraded
- The technology stack will allow us to transact commerce in easy, accessible, low cost, and fast ways that will bring enormous value to every one of the earth's people
- The process of innovation will be messy and disruptive, but the end user benefits are even greater than in the case of the Internet, because we all transact, all of the time (governments, enterprises, individuals)
- It is a tremendously exciting time, just as it was when the Internet was first stood up and began to get traction
- This time because we are digitalizing the world's largest and most valuable of all horizontals: Commerce itself.

The Need for Market Structure

- Once again there is a critical decision for the US:
 - Will it lead with pro innovation regulation, or will it let others do so
- This time around, other nations want to leverage the technology to their own benefit, and they have learned the lesson of the Internet. This time they want to lead in regulation, and gain the benefits of doing so
- As we speak, the EU, UK, Switzerland, China, Japan, Singapore, Australia, Dubai and many others have draft legislation written and in discussion, or early implementation
- Since the digitalization of monies, commodities and assets is central to the global financial system, this time the frameworks created, and the leadership gained, will directly impact national competitive advantage, as well as define which geographies become the future financial centers
- Just as examples:
 - Nations that move first to create their own digital currencies have the option of 'on us' netting out of international trade without needing to pass it through the US dollar system
 - Nations that create faster, cheaper, more accessible international remittances will see financial flows move to their networks instead of older, more costly, slower, less accessible options
 - Nations that enable trade outside the dollar-based system, have the option of also investing outside the dollar-based system – of critical importance when the US relies upon those investors to fund its debt

Many want to put the innovation genie back in the bottle, but it is too late. What the US must do now is provide thoughtful but rapid leadership for the market structure required to enable digital commerce.

'Digital monies, commodities, and assets are inevitable and all of the world's financial infrastructure must be upgraded'

Thank you for reading.

The Blockchain Coinvestors Partners

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