

ACIC ANNUAL MEETING -October 18, 2018, 10:15-11:15am

CANON'S YEOMAN'S TALE - BLOCKCHAIN TECHNOLOGY AND CRYPTOASSETS

Panel

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Canon's Yeoman's Tale, one of the 24 stories in [The Canterbury Tales](#) by [Geoffrey Chaucer](#), published 1387–1400. A humorous description of a roguish canon and alchemist, as told by his assistant, the tale pokes fun at both alchemy and the clergy. After describing failed alchemical processes in detail, the canon's yeoman tells his tale of a canon who swindled a priest by selling him powders to transmute mercury into silver, then escaped before his scheme was discovered.

For all the Canon's claimed prowess as an alchemist, his Yeoman was obliged to point out that the pursuit of alchemy had reduced the Canon to poverty. This panel will discuss the emergence of block chain technology, a disruptive technology with much potential and many potential applications (including in health care, cross border transactions, payment systems (including the EU Payment Service Directive), but also many risks. Learning from the Canon's sad lesson, investors should avoid surrendering reason to faith and instead evaluate the risks involved in these potential uses of blockchain, taking into account legal and regulatory issues and an understanding which may help, or hinder, the alchemy promised by the underlying distributive ledger technology.

A. Brief Primer on Blockchain Technology (Anticipated: 20 minutes)

- I. Recent history of Blockchain Technology going mainstream**
- II. How Blockchain Technology Works**
- III. Benefits anticipated from Blockchain Technology**
 - a. Reduce costs and complexity
 - b. Shared trusted transactions without a third party ("immutability")
 - c. Reduces errors
 - d. Resilience
 - e. Secure
 - f. Auditable

B. Blockchain Technology Practical Uses

(Anticipated: 40 minutes)

I. **Sample Blockchain Applications** (outside of Crypto Currencies/Crypto Assets)

- a. Smart Contracts (digitization of documents and proof of ownership)
- b. Health Record Management (decentralization of patient records management)
- c. Stock Transfer Ledgers
- d. Securities Lending transaction ledgers
- e. Enterprise blockchain software for financial institutions (e.g., Quorum, Axoni)
- f. Cross Border transactions (international finance deals)
 - i. Correspondence Banking
 - ii. Business to Business
 - iii. Peer to peer remittance and payment systems
(including relevance for EU Payment Service Directive)

II. **Crypto Currencies and Other Crypto Assets**

- a. Crypto Currencies (a/k/a Virtual Currencies or Digital Currencies)
- b. Utility Tokens
- c. Investment "Securities" tokens
 - i. Howie test (e.g., Tom coins)
- d. Other Crypto Assets
 - i. Simple Agreements for Future Tokens (SAFTs) vs. ICOs
 - ii. Derivatives (e.g., futures) trading on volatility of market
 - iii. ETFs with diversified basket of crypto currencies
 - iv. Digital commodities representing rights to computing power, storage, bandwidth, etc.
- e. Brief comparison of market dominant crypto currencies
 - i. Bitcoin
 - ii. Ether
 - iii. Too much volatility relative to USD? Try Stablecoins (e.g., tether, TrustToken)
- f. Investment Opportunities and Risks
 - Opportunities*
 - i. Significant potential upside and associated returns
 - ii. Uncorrelated Assets
 - iii. Limited Supply (Bitcoin, and a few others)
 - iv. New Asset Class
 - v. Inefficient Market
 - Risks*
 - i. Custody
 - ii. Market Manipulation (pump & dump)
 - iii. Regulatory uncertainty and tax
 - iv. Extreme volatility
 - v. Cybersecurity
 - vi. Scalability
 - vii. Fraud/AML