

Noble: Corporate Colored Coins

'Applying Blockchain Technology to Traditional Business Structures as an Experimental Step towards Distributed Autonomous Corporations (DACs)'

1. ABSTRACT & INTRODUCTION

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Work in progress

2. Distribution >> ([page-proposal-2.php](#))

ABSTRACT

Cryptocurrency is nuclear energy. We have very intelligent and talented technical minds working on a new financial paradigm. However, from their ivory tower they often downplay something that is painfully obvious from the trenches: the human variable. While all financial interaction may one day be based purely on cryptographic rules, code does not so easily replace how communities, leaders, oracles and intermediaries interact. Without accommodating the human equation, we're fueling financial bombs rather than financial power. We propose crowd funding a new approach that is the antithesis of what we have presented so far. In essence, we are merging much of our core philosophy, work ethic, brand and infrastructure with market expectations, industry thought-leadership and a legal and regulatory framework. The result is a colored coin that can be used for exclusive services, rewards and e-commerce. While developers and idealists often focus on the possibilities of decentralization and distributed autonomous corporations, we intend to focus on information and corporate systems running on top of blockchain technology. This paper lays out the framework for which a complete crypto-centric ecosystem, linked services and industry standards might be established for the sole purpose of increasing real-world demand, exposure and utility of its associated colored coin. It also theoretically examines how a more traditional crypto-centric corporation may be established while navigating the legal and regulatory complexities coming as blockchain technology matures into 2015.

1. INTRODUCTION

Satoshi Nakamoto changed how we see currency by creating peer-to-peer electronic 'cash' that allows direct online transfers without the need for intermediaries or financial institutions.¹ However, the social and political

implications of this technology are far more profound. Mr. Andreas M. Antonopolous describes this paradigm best as 'the ability for global communities to form around a common consensus of politics through the choice of currency'.² Now that the ability to create currency is shifting away from traditional government and financial monopolies, the world has been presented with a unique opportunity: the ability to choose the currency we use based on our individual expectations and world view. When it comes to personal choice, factors such as the community, direction, preference, ideals, people or approach play just as important a role as centralization, protocol, platform, mining or price. As we enter 2015 we are presenting choices, and in the process burning NobleCoin (NOBL) rather than forcing a transition into one particular platform, approach or specification. The first of these choices is a crowd funded colored coin that aims to incorporate many centralized market-expected features and develop a colored coin framework for an increasingly regulated and accountable space. Colored coins run on top of current networks and can be used to represent anything from financial instruments like bonds and securities to smart property, precious metals, commodity certificates and even alternative currencies.³ They can be multinational and frictionless pseudo-currencies with unique real-world use-cases or tokens that represent a single tradable commodity; supported by the authority responsible for their issuance. They allow the transference of value and information without the need for financial institutions or counterparties all while enjoying the security benefits of their more established host networks. As the infrastructure behind colored coins grows more individuals are experimenting with the technology for business and financial purposes. We separate this paper into distinct sections theoretically outlining the core components of a colored coin system that works in a class of its own: merging currency, commodity, cryptography, community, corporate and security aspects. These sections are outlined below:

1. Introduction (page-proposal-1.php)
2. Distribution (page-proposal-2.php) outlines common issues with distribution and our proposed strategy of crowd funding innovative projects and burning a traditional cryptocurrency in the process.
3. Platform Agnosticism (page-proposal-3.php) outlines a system that allows authorities behind colored coins to distribute, support and enable transfers between multiple cryptocurrency 2.0 platforms.
4. Utility (page-proposal-4.php) describes how infrastructure, products and services are designed to run in a self-sufficient manner, including marketplaces, journals, articles, advertisements, advisory and personnel services.
5. Exclusivity (page-proposal-5.php) outlines how colored coins can act as rewards for exclusive services, perks, discounts, packages, group buys and general access to proposed utility features.
6. Incentive to Participate (page-proposal-6.php) outlines how increasing scarcity and community-based promotion of services promotes real-world use and directly contributes to the growth of projects in a mutually beneficial way.
7. Stability (page-proposal-7.php) explores current misrepresentations of stability and proposes methods of enabling price support, including guaranteed service-acceptance rates, a 'scarcity via activity' plan, bullion trade and theoretical bullion 'pegging'.

8. Thought Leadership outlines how current industry knowledge and contacts are used to publish journalistic articles, form an Australian-based cryptocurrency think tank, establish industry and government contacts and advise on the social and technical implications of cryptocurrency across the nation.
9. Transparency and Accountability presents all personal and business-related information that would support such a proposal, amounting to disclosure and accountability that extends beyond 'Proof of Developer' (PoD). This includes required registrations, licensing and verified accounts.
10. Industry Representation examines how a successful funding will allow for nationwide industry representation and membership with national regulatory, legal, social and professional cryptocurrency bodies. This includes attracting interested parties and professional aid, attending industry-specific government and business conferences, and soliciting external donations that further progress what is being attempted. Australia is an extremely cryptocurrency-progressive country, and we intend to be at the forefront of its evolution.
11. Crypto-Governance theoretically examines how colored coins and blockchain technology may be used for voting rights; to establish transparent portfolios of major shareholders and directors; to improve auditing and accounting processes; and to represent legal and regulated 'shares' in corporations allowing holders to partake in dividends and profit-sharing. It explores how colored coins may evolve from currently unregulated and often illegal speculative assets to integrated corporate tools as the technology matures.
(Pending)
12. Legalities explores the current legal and regulatory framework evolving around cryptocurrencies in Australia. It examines the definitions, structure and laws of crowd funding, crypto-equity, Ponzi-schemes, managed investments, financial services, anti-money laundering (AML), know your customer (KYC), e-currency, taxation and misrepresentation when applied to cryptocurrency and related technology. As the technology matures into mainstream consciousness and financial systems, investors and users alike will demand greater accountability, transparency, assurances, licensing and compliance. (Pending – may be individual paper at 30+ pages)

2. Distribution >> (page-proposal-2.php)

1. Satoshi Nakamoto, "Bitcoin: A Peer-to-Peer Electronic Cash System", <https://bitcoin.org/bitcoin.pdf>, 2008.

2. Andreas M. Antonopoulos, "Andreas Antonopoulos on the Future of Bitcoin", <https://www.youtube.com/watch?v=jw28y81s7Wo> (<https://www.youtube.com/watch?v=jw28y81s7Wo>), Toronto

Bitcoin Expo, 2014.

3. Meni Rosenfeld, "Overview of Colored Coins", <https://bitcoil.co.il/BitcoinX.pdf>

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