TOKENIZATION
GLOSSARY

AML

Anti-Money Laundering, refers to the set of international laws enacted to curtail criminal organizations or individuals laundering money through cryptocurrencies into real-world cash.

ATOMIC SWAP

Term used to describe the automatic exchange of crypto-assets without using centralized intermediaries such as exchanges. The "swap" happens on the protocol level through smart contracts.

AUTOMATED MARKET MAKER (AMM)

AMMs are autonomous order matching systems from which the underlying protocol powering all decentralized exchanges (DEX) is composed. They are trading mechanisms that eliminate centralized exchanges and related market-making techniques through the use of smart contracts and by incentivizing users to deposit funds into liquidity pools for a share of the pool fees generated from trading.

ASSET

Resource with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide a future benefit. It can be tangible (a house, car, cash, land) or intangible (patents, copyrights, branding).

BEACONS

A small broadcasting device that allows other Bluetooth enabled devices, such as smartphones, to receive tiny amounts of information within a short distance of the beacon.

BITCOIN

Cryptocurrency created in 2009 distributed, traded and stored in a blockchain. One of the first digital currencies to use peer-to-peer technology to facilitate instant payments.

BLOCKCHAIN

Storage and transmission of information technology, shared & immutable ledger that facilitates the process of recording transactions and tracking assets in a business network.

CMTA

Capital Markets and Technology Association, an independent association formed by leading actors from Switzerland's financial, technological and legal sectors to create common standards around issuing, distributing and trading securities in the form of tokens using distributed ledger technology.

CRYPTO ASSET

Any digital asset that uses cryptographic technologies to maintain its operation as a currency or decentralized application.

CRYPTOCURRENCY

A digital asset usually stored on a network that is distributed across a large number of computers. This decentralized structure allows them to exist outside the control of governments and central authorities. Bitcoin became the first decentralized cryptocurrency in 2009.

DIGITAL ACCOUNT NUMBER

Another name for a token. The digital account number replaces the PAN in the tokenisation process.

DOGECOIN

Cryptocurrency introduced in 2013 and quickly developed its own fun & light online community. It is based on Litecoin and has the same technology behind its proof-of-work.

EMV

Stands for Europay, MasterCard and Visa and is a joint effort to ensure the security and global interoperability of chip- based payment cards.

ETHER (ETH)

Cryptocurrency of the ethereum network and world's second-largest virtual currency by market capitalization.

ETHEREUM

Launched in 2015, open-source, blockchain-based, decentralized software platform used for its own cryptocurrency. It enables smart contracts and distributed applications to be built and run without any downtime, fraud, control, or interference from a third party.

FINMA

Swiss Financial Market Supervisory Authority, from German Eidgenössische Finanzmarktaufsicht.

GATEWAY TOKENISATION

This describes the kind of tokenisation that is currently available in the market. The Visa Token Service elevates tokenisation to the ecosystem level making online and mobile payments more secure in more places.

GEOFENCING

Geofencing is a feature that uses the global positioning system (GPS) or radio frequency identification (RFID) or Bluetooth of devices to define geographical boundaries – a virtual barrier. It is most commonly used to allow an administrator to set up triggers so when a device enters or exits the boundaries of the geofence a text message or email alert is sent.

HCE

Stands for Host Card Emulation and is a technology that allows the presentation of a virtual and exact representation of a payment card using only software, by storing it in the cloud.

ICO

Initial Coin Offering, fundraising method using cryptocurrencies as a means of raising capital for early-stage companies. Blockchain-based utility tokens without regulation and investor protection.

IPO

Initial Public Offering, traditional fundraising tactic that refers to the process of offering shares of a private corporation to the public in a new stock issuance. IPOs provide companies with an opportunity to obtain capital by offering shares through the primary market.

ISSUER

The corporation/company that issues the shares to be tokenized.

KYC

Know Your Customer, standard in the investment industry that ensures investment advisors know detailed information about their clients' risk tolerance, investment knowledge, and financial position.

MINING AND STAKING

Blockchains such as Bitcoin and Ethereum give out tokens to remunerate members for providing validation to transactions. This process is known as proof-of-work (PoW). Computing power of miners enables them to mine new blocks and add them to blockchain. The proof-of-stake (PoS) blockchains implemented a staking model for validators which rewards them for locking a certain number of coins in smart contract.

MPOS

Stands for mobile point of sale and is a smartphone, tablet or dedicated wireless device that performs the functions of a cash register or electronic point of sale terminal which is not hardwired.

NFT

Non-fungible token, token that we can use to represent ownership of unique items (unique properties). They let us tokenize things like art, collectibles, even real estate.

NFC

Stands for near field communication and is a set of technologies that enables smartphones or other devices to establish a radio communication with each other or another device by bringing them into proximity with each other.

PRIMARY ACCOUNT NUMBER (PAN)

Primary account number (PAN) also referred to as the payment card number is the 16 digit number on a payment card.

PROXIMITY PAYMENTS

A payment made at a point of sale (POS) terminal, typically by a payment card or mobile phone.

REMOTE PAYMENTS

Payment from a remote location such as one made over the phone or internet or via a mobile device.

RIPPLE

Technology released in 2012 that acts as both a cryptocurrency and a digital payment network for financial transactions. The coin for the cryptocurrency is premined and labeled XRP. Third-largest cryptocurrency by market cap, following Bitcoin and Ethereum.

SECURITY

Fungible and tradable financial instrument used to raise capital in public and private markets. There are primarily three types of securities: equity—which provides ownership rights to holders; debt—essentially loans repaid with periodic payments; and hybrids—which combine aspects of debt and equity.

SECURE ELEMENT

A dedicated tamper-resistant platform such as a chip capable of securely hosting applications and their confidential and cryptographic data in accordance with the rules and security requirements set forth by EMV. The secure element resides in the handset and holds the payment data.

SECURITY TOKENS

Security tokens are similar to digital securities and tokenized securities, the only difference is that security tokens are the asset itself rather than the representation of the asset. They are digital representations of ownership of an asset and run natively on blockchain/DLT. They are essentially digital, liquid contracts for fractions of any asset that already has value, like real estate, a car, or corporate stock.

SHARE

Unit of equity ownership interest in a corporation that exists as a financial asset providing for an equal distribution in any residual profits, if any are declared, in the form of dividends. Shareholders may also enjoy capital gains if the value of the company rises.

STABLECOINS

Stable coins are a type of digital assets issued on blockchain that are designed to be less volatile than cryptocurrencies such as Bitcoin or Ethereum. They maintain a stable value relative to national currencies or other reference assets by being fully backed by those assets. They are commonly to instantly settle payments while eliminating any kind of risk arising from volatile price fluctuations.

STAKING

Staking happens when a user decides to lock or hold their funds in a crypto wallet to participate in maintaining the operations of a proof-of-stake (PoS) based blockchain system. The reward of staking comes from helping the network achieve consensus. It is to some extent comparable to mining on a Proof-of-Work (PoW) platform.

SMART CONTRACTS

Smart contracts are a set of predetermined algorithmic rules that are designed to automatically execute tasks when these conditions are met. They are used in decentralized networks to perform actions between participants without relying on intermediaries. In blockchain, smart contracts are represented by so called tokens that run on the network. Create smart contracts in just a few minutes.

STO

Security Token Offering, combines the efficiency of blockchain technology, with the legal protections found in standard securities offerings. This form of fundraising creates a safer investment climate for potential investors. This process is accessible to MPEs and unlisted companies.

TOKEN

Digital unit designed with utility in mind, providing access and use of a larger crypto economic system. It does not have a store of value on its own, but is made so that software can be developed around it.

TOKENIZATION

Process of turning various items into digital assets called tokens. Tokens typically operate on blockchains and are controlled through smart contracts and algorithms. Many different types of assets can be tokenized (real estate, pieces of art, percentages of ownership in a company, etc.)

TOKENIZATION OF ASSETS

Tokenization of assets or asset tokenization is the process of issuing a digital representation of a real tradeable asset on blockchain or DLT, in other words it consists of issuing a tokenized security (aka security token).

TOKENIZED SECURITIES

Tokenized securities are end-to-end fully digital securities issued on the blockchain or so-called DLT. However, tokenized securities are different from traditional digital securities that we are familiar with. The latter ongo highly complex processes. Tokenized securities use encrypted end-to-end communication to automatically conduct processes such as payment settlement or defining ownership. Therefore, bringing significant improvements to securitization overall.

TOKEN BURNS

For preventing inflation, cryptocurrency protocols need to burn tokens for a permanent removal of them from circulation. With the reduction in the volume of tokens, the price gets driven up.

TOKEN ALLOCATIONS AND VESTING PERIODS

To ensure credibility on the project, one needs to keep a vesting period on the tokens allocated to venture capitalists and developers. As the vesting period keeps the developers' tokens locked for a certain period, investors get relieved from the disadvantages of 'pump and dump' schemes.

UTILITY TOKENS

Different from security tokens, utility tokens are blockchain-based digital representations of rights rather than ownership. Utility tokens are promotional tools that grant holders special access or promotions for future product or service launches.

USIM

USIM Stands for universal subscriber identity module, or universal SIM card. They are the next generation of mobile phone SIM cards with more power and capabilities than other SIM cards. USIM allows e-payment, video calling, encryption of calls and data exchanges and other benefits. In the case of

YIELDS

It allows cryptocurrency holders to earn additional tokens. One can lend their funds to anyone in need of a loan through smart contracts, earn interest and principal in the form of tokens. Yield farming enables pools of yields in decentralised exchanges (DEXs).

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