GOING BEYOND

EXPLORING THE DIGITAL ASSET ECOSYSTEM

Digital assets go far beyond popular cryptocurrencies.

Digital assets may not be an asset class by itself, but rather a technology that underpins all asset classes.

Digital asset functions: Store of value



Medium of exchange



Digital assets can have varying governance structures, bodies, and methods of accruing value.

This framework by Arca outlines a simple way for how readers can classify the 10,000+ digital assets that currently exist.

Pass through values



Pass through tokens grant rewards and/or network benefits onto their holders.

Benefits like:

Reduced trading fees

Voting rights on token governance

Cash flow/dividends, or other monetary rewards

Governance Structures

The governance structure of an asset dictates protocol decision-making, from product roadmaps to hiring and governance updates.

While digital assets introduced decentralized governance, they also

allow for centralized governance structures as well.

CENTRALIZED

Centralized assets have a single group or entity in charge of governance, allowing for a clear chain of command and singular vision of the asset's purpose and protocol.

Some digital assets start with centralized governance, before transitioning to decentralized governance.





DECENTRALIZED

Decentralized assets have more secure networks with no central point of failure, along with democratic methods of determining protocol changes of an asset.

Decentralization is the backbone of many digital assets, with no reliance on third parties being core to their value proposition.

Governing Bodies

Governing bodies are the entities that offer and control the protocols and functions of digital assets.

Differences in governing bodies do not limit the functions digital assets can fulfill.

GOVERNMENT

Federal, state, or local

Ex: Central Bank Digital

Currencies (CBDCs) like

the Bahamanian Sand

the Bahamanian dollar.

Dollar, a digital version of

government bodies.

ORGANIZATIONS

A for-profit or non-profit entity.

Ex: Exchange tokens like Binance Coin (BNB), offered by cryptocurrency

exchange Binance.

Ex: NBA player Spencer Dinwiddie tokenized his contract with the Brooklyn Nets in 2020, issuing bondlike security tokens (SD26).

INDIVIDUALS

A single person.



DECENTRALIZED AUTONOMOUS **ORGANIZATIONS**

> DAOs are open source organizations that are governed by encoded and transparent rules.

Ex: Nexus Mutual (NXM) is a DAO that offers insurance against smart contract failures and exchange hacks.



PROTOCOLS/ PLATFORMS/DAPPs

> Blockchain-based programs that have encoded and transparent rules for their function and operation.

Ex: Ethereum (ETH) and Solana (SOL) are decentralized blockchain platforms.

Digital Asset Types

Digital assets can vary from being currency, asset-backed tokens, or pass through tokens, each fulfilling varying functions for network participants and asset holders.



FINANCIAL REWARDS





NON-FINANCIAL REWARDS

Mapping Traditional Assets

Blockchain and tokenization will disrupt all asset classes because it's free, transparent,

onto a Digital Asset Taxonomy

has no boundaries, and is instantaneously transferrable.

Below outlines how traditional asset classes can map to our digital assets taxonomy.



Digital assets are redefining the world of finance, and providing participants with new asset functions and methods of value accretion.







