Enterprise Ethereum Alliance Launches Blockchain-Neutral Token Taxonomy Initiative to Accelerate a Token-Powered Blockchain Future

Initiative to Focus on Token Taxonomy to Support any Business Use Case

New York, NY – April 17, 2019 – The Enterprise Ethereum Alliance (EEA) today announced the formation of the blockchain-neutral Token Taxonomy Initiative address the need to universally define tokens to better understand how their use and implementation can occur interchangeably across all token-enabled blockchain platforms. While some form of tokens and tokenization have existed throughout time, blockchain-derived tokens have the potential to transform business models for goods and services offered by distributed or decentralized applications – even if they are built on top of different blockchains. The purpose of this initiative is to clearly define a token in non-technical and cross-industry terms using real-world, everyday analogies so that anyone can understand them.

Over the past few years, digital tokens have become a multi-billion-dollar market. Starting with Bitcoin, and accelerating with Ethereum, blockchain-based tokens provide a revolutionary way of representing and recording value and ownership on a distributed ledger. Recently, the concept of tokenization has gone mainstream and has spread to many other platforms, particularly those with an enterprise focus.

Tokens have the potential to disrupt global economics and radically change how commerce will be transacted. The Token Taxonomy Initiative will define a standard taxonomy and accelerate its adoption by making it easier for all to create tokens to serve their respective business use cases. While various implementations and taxonomies exist for tokens, the industry is currently lacking a venue for all participants to work together to describe how tokens can eventually interoperate across the multiple and disparate systems that make up a typical enterprise infrastructure.

"Standardizing tokens to work anywhere could hold the key to one of the greatest economic opportunities in modern history. Just like standards that led to the rise of e-commerce on the internet, applying standards to tokenization will enable the enterprise to use tokens to serve as, or provide access to, a set of goods, financial assets, securities, services, value or content through enterprise blockchain applications," said EEA Executive Director Ron Resnick.

On a blockchain, tokens enable users to trade assets – from cash to securities to plane tickets and unique artwork – without using native blockchain currency. Today, developers are required to navigate multiple token standards and write code for every conceivable blockchain platform to ensure a single use case interoperates across all blockchain platforms. To scale tokenization worldwide, a digital security token on one blockchain network will need to follow a similar standard as a cash leg token on another network,

which, in turn, should follow a similar standard as a collateral management token implemented on yet another network, for example.

The group's mission will be to develop a clear definition and scope of the token concept, including use cases, taxonomy and terminology, and a specification. Marley Gray, EEA board Member and principal architect, Microsoft, will be the Token Taxonomy Initiative Chair. Members of the initiative include Accenture, Banco Santander, Blockchain Research Institute, Clearmatics, ConsenSys, Digital Asset, EY, IBM, ING, Intel, J.P. Morgan, Komgo, Microsoft, R3, and Web3 Labs, among others.

"As blockchain adoption accelerates, it's important to work together to develop a common understanding of the token model, provide a common set of definitions, and assure interoperability through best practices and standards," said Gray. "With a standardized global approach, the Token Taxonomy Initiative will form the foundation of critical standards in tokenization that could streamline the way entire industries and ecosystems work on a blockchain."

The Token Taxonomy Initiative will lay the important groundwork, based on real-world customer use cases and requirements, working to create a common set of tokens and control capabilities, including:

- **Clearly define** a token in non-technical and cross-industry terms
- **Establish** a common set of terms and definitions for use by business and technical participants
- **Create** a Token Taxonomy Framework (TTF) that is simple to understand; educate and collaborate with structured Token Definition Workshops (TDW) to define new or existing tokens
- **Define** meta-data using the TTF syntax and grammar to be able to generate visual representations, such as a token hierarchy or token design in tools that understand the taxonomy and be extensible for mapping TTF definitions to token solutions, implementations or source code for any platform

The Token Taxonomy Initiative will address the need to develop common definitions and scope for a business-grade standard for tokens with interchangeable currency-like properties or unique assets such as plane tickets. Also, the group will explore ways a standard business application may need to manage multiple token types, including any combination of fungible tokens, non-fungible tokens or other hybrid configurations.

The Initiative's work will be independent of the ongoing EEA standards work, which enables the EEA's global member base to work together to produce informational specifications for use in the EEA's standards-based testing and certification process. For additional information about joining the Token Taxonomy Initiative, please reach out to tokeninfo@entethalliance.org.

Here's what some of the Token Taxonomy Initiative members have to say about the mission:

Accenture

"Tokenization is core to how blockchain-based systems will reshape global business. The Token Taxonomy Initiative is a significant milestone in enabling a technology-independent, open ecosystem of

innovation across enterprise use cases. Accenture is proud to be a founding EEA member, and we're ready to help drive an entirely new way of delivering value to enterprise customers and transforming e-commerce as we know it," said David Treat, vice chairman of the Board of the EEA, and managing director and global blockchain lead at [Accenture](#).

Banco Santander

"The concept of digital tokens has been given to us by the blockchain world and it appears that in the coming years many different asset classes will be tokenized. As such, the Token Taxonomy Initiative will be key to ensuring that this next wave of financial innovation will start with cross-platform standards in mind," said John Whelan, chairman of the Board of the EEA, and head of Digital Investment Banking at [Banco Santander](#).

Blockchain Research Institute

"This initiative is just what the industry needs. Cryptocurrencies are only one of many types of tokens. Enterprises, governments, entrepreneurs and regulators urgently need a common language to understand the digitization of assets if we are to realize the new promise of the digital economy," said Don Tapscott, co-author of Blockchain Revolution and executive chairman of [The Blockchain Research Institute](#), and chair of [Blockchain Revolution Global](#), April 24-25, Toronto.

ConsenSys

"The Token Taxonomy Initiative is the next step in creating a thriving tokenization ecosystem. By defining a common taxonomy for universal use, the Initiative will examine ways tokens can be applied across a wide variety of markets and any industry that values some collaboration among competing entities. The broad coalition of organizations that are part of this Initiative signals the strong commitment of the global enterprise community to come together around tokenization," said Jeremy Millar, a founding EEA member and chief of staff, [ConsenSys](#).

Digital Asset

"As the blockchain space continues to evolve, technical standards will provide a necessary foundation for application development and platform interoperability," said Shaul Kfir, co-founder and CTO of Digital Asset. "We are glad to be part of this industry initiative and help create a set of common definitions and categories for tokenized assets, which will address the confusion that exists today."

IBM

"A common framework to classify tokens, and common language to describe them is an important step towards broader blockchain platform interoperability. IBM is pleased to be part of the technology-neutral Token Taxonomy Initiative as part of our ongoing commitment to open industry standards," said Jerry Cuomo, vice president, IBM Blockchain. "The developers and organizations building the token networks

of tomorrow, including IBM's clients, will be the major beneficiaries. This will help establish a foundation not only for technology and business, but for the changing regulatory landscape as well."

J.P. Morgan

"J.P. Morgan is encouraged by the formation of the Token Taxonomy Initiative, given the developments with Quorum and other blockchain initiatives at the firm. With this significant step, the industry leaders — from the world's largest companies and innovative startups — are coming together to define tokenization in ways designed to address the needs of the global enterprise community," said Oli Harris, a founding EEA member and head of Quorum at J.P. Morgan.

R3

"We are excited to help be part of the Token Taxonomy Initiative and support important tokenization work needed for blockchain to thrive in the enterprise world," said R3 Co-Founder Todd McDonald. "The initiative represents a new and innovative way for the industry to collaborate on defining a token taxonomy that is appropriate for any enterprise-grade blockchain technology."

The Token Taxonomy Initiative has received industry-wide support including:

FINOS

"We applaud the formation of the Token Taxonomy Initiative. Token work for decentralized applications is complex, making it difficult to solve business needs effectively," said FINOS Director of Programs Rob Underwood. "This initiative brings together blockchain and financial services leaders needed to define and address how tokens can work interchangeably across all blockchain platforms. The Initiative will be an important step to the suitability of blockchain solutions for real-world use cases in financial services."

About the EEA

The EEA is a member-driven standards organization whose charter is to develop open blockchain specifications that drive harmonization and interoperability for businesses and consumers worldwide. Our global community of members is made up of leaders, adopters, innovators, developers, and businesses who collaborate to create an open, decentralized web for the benefit of everyone. To learn more about the EEA-hosted Token Taxonomy Initiative, please reach out to tokeninfo@entethalliance.org. For additional information about joining the EEA, please reach out to membership@entethalliance.org.