

Report by the Dynamic Coalition on Blockchain Technologies for the Period 01 January - 31 December 2020

1. Background

The primary goal of the Dynamic Coalition on Blockchain Technologies (**DC-Blockchain**) is to educate, inform and disseminate information on current trends and policy developments with regard to blockchain development, policymaking and regulation. The Dynamic Coalition is presently working on the development of “model frameworks” in relation to blockchain technologies, including: (1) application of existing legal and oversight regimes to applications of blockchain; (2) smart contracts or self-executing transactions and interactions between humans and machines or between multiple entities which are automatically enforced by the underlying code of the technology; and (3) Decentralized Autonomous Organizations (**DAOs**) that offer new forms of participatory governance and economic activity. In this regard, the DC-Blockchain seeks to create model rules consistent with international law standards and that could potentially be adopted in different jurisdictions worldwide¹. The DC-Blockchain also begun a deep dive into fundamental structures and concepts embedded in traditional governance and social frameworks to inform how the governance, participatory and economic opportunities afforded by blockchain can be designed to better conform to evolving understandings of the moral political economy of today.

2. Work undertaken in 2020

a. *Activities within the IGF (e.g. participation in the annual IGF meeting, relations with other IGF workstreams, if any)*

- i. The DC-Blockchain was unable to participate in the annual IGF meeting due to exigencies and challenges presented by the Covid 2020 pandemic.

b. **Activities Beyond the IGF**

i. Extitutional Theory

COALA has been working on a new project concerning the study of Extitutions as a new way of theorizing on-chain and off-chain governance structure. The work was carried out

¹ Further information in relation to the work of the DC Blockchain can be accessed at: <https://coala.global>

by a task force of researchers and governance scholars during a working residency during the months of Oct 2020 - Dec 2020, held at Feÿ in Burgundy, France. All resident research fellows engaged in an on-going collaboration through a series of week-long workshops in order to explore specific facets of extitutions, and the way they interface with existing institutions, and blockchain communities in particular. The goal of the residency was to elaborate a theory of extitutions, as well as to investigate case studies to illustrate the theory, with a focus on blockchain technology.

ii. DAO Model Law Framework

The DC-Blockchain continued its work from 2019 on drafting a coherent model law framework for DAO, holding various virtual meetings and workshops throughout 2020 on a bi-monthly basis, which convened a multidisciplinary group of academics, lawyers, activists, blockchain technologists and practitioners for diverse input and modeling. A comprehensive introductory explainer was drafted and released via Medium for comment amongst the DC-Blockchain community and to the public writ large, inviting diverse input and participation for this work.

c. **Outputs produced and/or research/studies conducted**

Extitution Research

The outcome of the Extitution research stream and workshop was one working paper co-authored by some of the researchers and resident fellows. The paper is currently under review and will be submitted for publication at the Ephemera journal in the coming year.

The Development of the Model Law on Decentralized Autonomous Organizations

DAOs can be classified into two (2) distinctive categories: registered DAOs, i.e. DAOs that are organized according to the laws of a State and that are registered in a corporate registry, and unregistered DAOs, i.e., DAOs that are created outside of the legal frameworks defined by national laws and are not registered in a corporate registry. The vast majority of existing DAOs are unregistered DAOs and their legal status is currently uncertain: they are *alegal*. The result is a great deal of legal uncertainty, which can be detrimental to the development and utilization of this new model of social and business organization.

DC-Blockchain stakeholders gathered for an in-person workshop in Paris, France in February 2020 and collaborated together virtually before, in-between, and after these

workshops to research, discuss and draft a governance report and related model clauses. Virtual meetings were held on a bi-monthly basis to convene diverse participants within the DC-Blockchain and with other intersecting communities with a keen interest in fostering development of the global, participatory organisations afforded by blockchain technologies.

The goal of the Model Law is to assist governments in crafting their own DAO laws, so as to recognize full or partial legal personality to DAOs. The objective is to endow them with specific legal rights — and obligations — without requiring them to register or conform to traditional corporate law rules, so long as they satisfy the relevant legal provisions through technological means (e.g., “technological guarantees” afforded by Blockchain infrastructure). Those technological means should provide legal protections equivalent to those underpinning traditional corporate legal forms, while taking account of the new opportunities of Blockchain technology. At its core, the Model Law maps the various policy goals underpinning traditional corporate law rules, with a series of technological guarantees that can be regarded as “functional equivalents” to those rules.

Since its preparation the DAO Model Law has been circulated to diverse stakeholders in order to stimulate feedback as well as discussion surrounding the core areas encapsulated in the text. Recently, the DC-Blockchain DAO Model Law was endorsed by the Digital Law Association (DLA) in Australia to the Australian Senate as a new type of legal entity under the Australian Corporation Act 2001.

3. Updates on internal processes

The DC- Blockchain has continuously sought to expand its network and membership to diverse stakeholders within and outside of the blockchain ecosystem who have a keen interest in fostering new forms of participatory governance, social and economic activity afforded by blockchain technology. Accordingly, DC-Blockchain has continued to expand its network of participants - both institutional and individual, which has been reflected in new members and collaborations for DC-Blockchain research streams (e.g., extitutions and DAOs), as well as ongoing updates to its mailing list and associated websites. The DC-Blockchain has hosted a number of virtual (on a bi-monthly basis) and in-person (February 2020 and October 2020) workshops and internal meetings described above, for joint intersectional discussions in order to ensure diverse and multidisciplinary inputs to the DC-Blockchain activities.

4. Priorities/Objectives for the Following Year

The DC-Blockchain will continue its stakeholder engagement initiatives through the ongoing work of the 9 COALA Working Groups. Through open consultations, it is also intended to seek consensus in the finalization of the DAO Model Law, with the ultimate view of its adaptation by governments. DC-Blockchain will also continue its deep dive into fundamental concepts of trust and legitimacy to inform its work on blockchain governance and participatory communities.

In addition to which, it is also proposed to host a session/workshop in relation to the area of “Trust and Legitimacy in the Blockchain Era: Re-Fashioning a New Moral Political Economy for a Global Community of Fate”, which is closely aligned to the overarching theme of the 16th Annual IGF Meeting “*Internet United*” that is to be hosted by the Government of Poland in Katowice from 6-10 December, 2021.

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