

# Report by the Dynamic Coalition on Blockchain Technologies for the Period 01 January - 31 December 2019

---

## 1. Background

The Dynamic Coalition on Blockchain Technologies (**DC-Blockchain**)<sup>1</sup> held its first meeting in 2015, in which it was underscored that the rapid emergence of Blockchain technologies presents revolutionary opportunities and challenges to the future of modern society as we face the 21st century world of ubiquitous connectivity, decentralized networks and interconnected devices.

Since its inception, the DC Blockchain has undertaken several activities to advance its mandate of promoting education and the dissemination of information on current trends and policy developments with regard to Blockchain development and regulation. During 2019 the DC-Blockchain has undertaken significant work on the development of “model frameworks” in relation to Blockchain technologies, with the primary focus on the development of a Model Law in relation to Decentralized Autonomous Organizations (**DAOs**) that offer new forms of participatory governance and economic activity. In this regard, the input of a multifaceted group of experts spanning diverse stakeholders in academic, technology, law and social science has been actively engaged.

## 2. Work undertaken in 2019

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

#### **(i) Participation in 35<sup>th</sup> virtual meeting of the DC Coordination Group on March 20, 2019<sup>2</sup>**

A brief update was provided by the representative of the DC-Blockchain in which it was relayed that its work was organized across four (4) different tracks, dedicated to the following: Blockchain-mediated organizations and the interfacing of traditional industries with the technology; the concept of illegality, referring to an effort to forge closer ties with Blockchain groups while maintaining their status as non-legal structures; dispute resolution as it pertains to decentralized autonomous entities; and liability issues tied to

---

<sup>1</sup> Further information on DC-Blockchain can be accessed at: <https://coala.global>

<sup>2</sup> [https://www.intgovforum.org/multilingual/index.php?q=filedepot\\_download/4190/1580](https://www.intgovforum.org/multilingual/index.php?q=filedepot_download/4190/1580)

interactions with Blockchain-based systems. Beyond these areas, the group would also be working on its onsite participation at the annual IGF in November 2019.

(ii) Hosting of Capacity Building for Better Blockchain Governance, IGF 2019, November 26, Berlin, Germany<sup>3</sup>

The Dynamic Coalition on Blockchain Technologies hosted an interactive discussion and strategy creation session for capacity building around Blockchain technology and explores the connection between broad capacity building and the potential for better Blockchain governance. The session was organized in a dynamic format in order to facilitate small working-group discussions to generate ideas for intersectional activity around capacity building in the Blockchain technology space. As such, after an initial explanation of the intended process and goals, session participants broke out into small discussion groups. Led by group facilitators, the discussion groups engaged in a design sprint exercise in which they designed potential methods for capacity building among the general public to enable greater understanding of and interaction with Blockchain technology. The groups then reported out to the larger group, and then rotated for a second iteration on a prior group's design. Thus, a total of two (2) design sprints were undertaken by each group.

At the end of the session, the working groups identified five (5) projects for continued work in 2020, which are as follows: -

- (i) creating an interactive map of data protection and privacy considerations related to Blockchain technologies and its applications;
- (ii) creation of educational materials for the general public (both basic explanatory and interactive materials and resources list)
- (iii) developing a set of principles and guidelines for multi-stakeholder evaluation of government-led Blockchain technology initiatives, a Blockchain domain name system; and
- (iv) tools for better exploring the potential contributions of Blockchain technology for Internet governance.

**(b) Activities Beyond the IGF**

The DC-Blockchain also collaborated with various international and academic organizations, which are delineated below:-

---

<sup>3</sup>

<https://www.intgovforum.org/multilingual/content/igf-2019-capacity-building-for-better-blockchain-governance#undefined>

(i) Workshop in collaboration with DGOV Council Berlin, Full Node and Betahaus, January 27-28, 2019

This event was aimed at fostering the development of a community of participants which have an inherent interest in collaboration to exchange research and learnings to support their own projects while accelerating the innovation on distributed governance models. Through their involvement the participants sought to create governance models which take a human centric, horizontal approach to the management of shared-resources.

(ii) COALA DAO Workshop March 03-04, 2019 Paris, France (organized alongside the EthCC conference taking place March 5-7, 2019)

This workshop aimed to establish the roadmap for legal research that will be undertaken by COALA as part of the '*Alegality*' Project. The ultimate objective of this initiative was to address the challenges faced by traditional organizations, institutions and jurisdictions as they interact with decentralized networks and autonomous blockchain-based code, and articulate legal frameworks and mechanisms that will enable DAOs and blockchain-based systems to participate and interoperate with traditional systems and legacy rules in the physical space.

In order to meet its objectives, the workshop focussed its working groups on the following issues:-

- Legal domains that intersect DAOs, i.e. areas of law should be prioritized for research and translation for upcoming launches of DAOs (legal formation, contract, property, liability, tax);
- Supporting interactions between DAOs and the legal world: *cf.* property and contract law;
  - Identifying the limitations of current forms of interactions with the legal world
  - Elaborating new mechanisms e.g., decentralized insurance, contract and property APIs
- Legal Avatars: creating legal representatives, surrogates, delegates, and/or custodians for various functions of blockchain-based systems;
- Organizational structure: enforcement mechanisms and underlying ethics of code-based rules; and

- Inter-DAO relationships: International public and private law and their application to the jurisdictional space between global, decentralized blockchain “jurisdictions”.

(iii) COALA Theory Workshop, in collaboration with European University Institute & the UN Global Citizenship Governance Project, Florence Italy, April 29-30, 2019

This workshop primarily focussed on analysing Blockchain governance from a theoretical perspective, relying on the extensive body of literature on legal and political theory, identity, citizenship, collective action and game theory. In so doing it investigated the extent to which we can use existing literature to help us understand the operations and governance of existing blockchain-based systems—standing on the shoulders of giants to derive new theories and insights.

The core topic areas discussed were centred around the ultimate objective of comparing the challenges faced by current blockchain systems with those faced by existing legal and political institutions, and explore whether the governance of these distributed systems can be informed by previous scholarship on the matter.

The theoretical research undertaken by the COALA community at this workshop sought to provide the underlying basis to first understand and, in subsequent workshops, elaborate new modes of governance for distributed systems that better comply with our current conception of legitimacy and justice.

(iv) COALA Workshop, Cagliari 15-16 June 2019, Cagliari, Sardegna, at University of Cagliari

The objective of this Workshop was to integrate, understand and elaborate tools and new modes of governance for distributed systems that better comply with our current conception of legitimacy and justice. In light of this the discussions were centred around the following key areas:-

- Governance and social organisations
- Legal and political theory
- Identity and sovereignty
- International law
- Legal Representation & Liability

The Workshop continued the work of Blockchain governance, integrating theoretical perspectives towards specific deliverables that can be implemented in governance pilots across projects.

(v) DAO Model Law Workshop, 21-22 September 2019, Berkman-Klein Center at Harvard University, Cambridge Massachusetts

The Workshop comprised a small and focused multidisciplinary group of academics, practitioners and activists, and the discussions were focused specifically on the drafting of a Model Law for DAOs with a view of granting legal personality and legal capacity to DAOs that fulfil specific requirements of technological design and governance structure.

During the two (2) day workshop, work was concentrated on the key issues to be considered in drafting a model law for transnational, decentralised blockchain-based organisations (e.g., DAOs) that could be adopted by a variety of national jurisdictions.

(vi) Devcon 5 (Osaka - 8-11 October 2019): A Workshop on DAO Model Law, Panel Discussion as well as Survey of Participants was undertaken<sup>4</sup>

The Panel discussion was centred around the topic "*Blockchain & The Law: Interfacing the Rule of Law and the Rule of Code*". The Panel featured prominent members of the COALA and blockchain community<sup>5</sup> and provided an outline of the work that is currently being undertaken at COALA, with regard to interfacing the blockchain world with the legal and institutional sectors. It focused in particular on the notion of "*alegality*" - that is, organisations that are not encompassed by the current scope of law, and how we can create legal APIs in order to help blockchain-based systems interact with legal persons (e.g., nation-state based institutions and entities). Discussion was also centered around the need for legal reforms in order to accommodate the new participatory and economic opportunities provided by blockchain technology, and how the notion of "functional equivalence" can be used as a means to rely on blockchain technology as a "regulatory technology" in order to achieve similar regulatory or policy objectives.

**(c) Outputs produced and/or research/studies conducted**

---

<sup>4</sup> <https://www.youtube.com/watch?v=bUn1Y8Blwvc>

<sup>5</sup> <http://coala.global>

As a complement to this activity a Questionnaire in relation to the DAO Model Law was circulated amongst Devcon 5 participants to get diverse inputs on blockchain, governance, and the law. The survey results were discussed and disseminated at the DevCon conference workshop.

### Initiation of Work on Development of Model Law on Decentralized Autonomous Organizations

In the Spring of 2019, the DC-Blockchain launched a project to theorize around and draft a model law for DAOs. As articulated above, various workshops were hosted throughout the year to research, discuss and draft a governance report and related model clauses.

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 and/or limited liability 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.

### **3. Updates on internal processes**

In view of the extensive activities undertaken by the DC- Blockchain, the group has sought to expand its membership of professional and academic individuals who have a keen interest in furthering the evolution of the blockchain space to meet societal exigencies. This has also been reflected in the updating of its mailing list and associated websites. In particular, DC-Blockchain partnered with various academic institutions, policy groups, and intergovernmental organisations as well as the evolving blockchain ecosystem writ large as outlined in the various workshops and internal meetings described above, for joint intersectional discussions in order to ensure, on an ongoing basis, diverse and multidisciplinary inputs to the DC-Blockchain activities and focal issues.

### **4. Priorities/Objectives for the Following Year**

The DC-Blockchain will continue its active stakeholder engagement and partnership initiatives, with emphasis placed on the following key focus areas: (1) in-person workshops and continued research and drafting work on a model law for Decentralized Autonomous Organizations, (2) the

launch of new efforts around capacity building and education, and (3) embracing a strong and diverse discussion about the interaction between blockchain governance as well as its intersection with internet governance more broadly, and how members of the DC-Blockchain can best contribute to overall themes and goals of the Internet Governance Forum.

In this vein, it is anticipated that the DAO Model Law will be finalized in 2020 for consultation and circulation to stakeholders for their appraisal and the submission of invaluable feedback.

---oOo---