EDWIN COE

Digital Assets Glossary of Terms

Algorithmic Stablecoin: digital currency whose value is maintained by using programmed algorithms and Smart Contracts.

Altcoin: refers to all digital currencies created after Bitcoin. Examples: Payment Coins (Litecoin), Stablecoins (USCD), Utility Tokens (Chainlink).

Application Specific Integrated Circuit (ASIC): custom hardware designed for specific applications/functions. Offers superior optimisation for specialised tasks. Miners utilise "ASIC Miners," which are designed for mining Cryptocurrencies.

Account Tree: data structure used in some Blockchains (like Ethereum) to efficiently store, organize and manage account balances and contract data.

Address: unique identifier to send and receive Digital Assets on a Blockchain network (similar to a bank account number).

Airdrop: giveaway of Coins or Tokens to the Wallets of users, typically for marketing purposes.

Anchor: a Blockchain-based marker or signature embedded in products or codes to prove authenticity and prevent counterfeiting.

Asset Token: category of token that represents "real-world" assets. Usually these are financial or fungible assets, such as shares in a company or a quantity of gold.

Atomic Swap: a Smart Contract Protocol which enables the simultaneous person to person secure exchange of one digital asset for another, between separate Blockchains and without the need for an intermediary.

Block: a unit within a Blockchain that functions like a digital container, storing batches of transaction data. Blocks are cryptographically liked together in a chronological chain.

Blockchain: a decentralised and distributed Ledger where records are grouped into blocks and validated collectively, rather than individually.

Burn: a method used to permanently remove Tokens from circulation by sending them to an inaccessible "burn address", typically to reduce supply.

Central Bank Digital Currency (CBDC): a digital version of a country's official currency, issued and regulated by its central bank with a stable value equivalent to the country's traditional currency i.e. digital money.

Centralised Network: where all planning, decision making, data processing and control are concentrated in a single entity or small group which acts as a central authority. It is often used in private or enterprise Blockchains.

Chain Split: occurs when Blockchain participants disagree on Protocol changes, resulting in a divergence into separate chains that originally share the same transaction history but then operate independently. A notable example is the split between Ethereum and Ethereum Classic.

Chaincode: a Smart Contract or Program that runs on a Blockchain to enforce rules or automate actions. For instance, it can verify Token ownership before allowing a transaction.

Child Chain: a subsidiary Blockchain linked to a main (parent) chain, designed to improve scalability. It handles transactions independently but periodically communicates and settles with the parent chain.

Coin: a native Cryptocurrency of its own Blockchain. It functions as a digital currency used for transactions within its Blockchain network. Examples: Bitcoin, Ether.

Cold Storage: a security measure for storing Cryptocurrency offline, such as on a USB drive or hardware wallet, to protect against online threats.

Complete Block: a Block that is fully formed and finalised, ready to be added to the Blockchain as a permanent, tamper-proof part of the Blockchain. It is distinct from a "Block" insofar as a "Block" is a partial or incomplete data structure.

Confirmation: the process by which Miners verify a Block's transactions.

Confirmed Transaction: a Blockchain transaction that has been successfully recorded in a Block and verified by the network.

Consensus: the mechanism by which Blockchain participants agree on the current state of the Ledger. It ensures that all Nodes reflect the same data and validates new transactions or updates.

Consortium Blockchain: a semi-decentralised Blockchain system where access is restricted to a group of approved participants. It combines the transparency and security of public Blockchains with the control of private networks.

Consumer Token: a Token designed to grant access to specific products, services, or content within a Blockchain Ecosystem. Its primary use is consumption rather than exchange.

Convertible Virtual Currency: a type of digital currency that holds real-world value and can be exchanged for Fiat currency and used as a substitute for traditional money.

Cross-Chain: refers to the technology which allows different Blockchain networks to communicate, thus allowing the transfer of Digital Assets between different Blockchain platforms, enabling interoperability.

Cryptoasset: a cryptographically secured digital representation of value or contractual rights that uses distributed ledger technology, such as Blockchain. Cryptoassets can be transferred, stored, or traded electronically. They include a variety of digital tokens including Cryptocurrencies such as Bitcoin and Ether, Utility Tokens, Security Tokens, and NFTs.

Cryptocurrency (crypto): a subset of Cryptoasset, specifically, a cryptographically secured digital representation of a currency. Distinct from a Cryptoasset which is a broader category, including cryptocurrencies but also encompassing other types of Digital Asset.

Crypto-to-Crypto Exchange: a trading platform that allows users to swap one Cryptocurrency for another without converting to Fiat currency e.g. Bitcoin for Ethereum.

Decentralised Autonomous Organisation (DAO): a digital organisation governed by Smart Contracts, community consensus, and Blockchain technology. It operates without a central governing or leadership structure. Members typically hold Governance Tokens and decisions are made on a majority basis.

Decentralised Exchange (DEX): a P2P marketplace where users can exchange Cryptocurrencies directly, without relying on intermediaries.

Decentralised Network: a Blockchain system open to all participants, where anyone can contribute data or transactions. Bitcoin is a prime example.

Decoupling: a market phenomenon where the price movement or performance of a digital asset or Cryptocurrency moves independently from other related assets or markets with which it was previously correlated.

Delegated Proof of Stake (DPoS): a consensus model where users vote for trusted representatives (called witnesses) who validate transactions and produce Blocks on their behalf, as opposed to Proof of Stake where any/all Token holders can validate stakes.

Digital Asset: anything created and stored digitally. The term is broad reaching, including Cryptoassets, Cryptocurrencies, Tokens, NFTs and other tokenised assets commonly based on Blockchain technology.

Distributed Ledger: a system that synchronises transactions across multiple locations, enhancing security and reducing reliance on a central authority.

Ecosystem: a comprehensive network of technologies, platforms, participants and services which collectively enable the creation, management, exchange and utilisation or Digital Assets, primarily built on Blockchain technology.

Emission: the creation of new Cryptocurrencies or Tokens which are generated and introduced into circulation.

Emission Rate: the speed at which new Coins or Tokens are created and released into circulation.

Faucet: a website or app that rewards users with small amounts of Cryptocurrency for completing simple tasks or activities, such as taking surveys, playing games, or watching ads.

Fiat: government-issued currency i.e. money.

Fork: a planned divergence in a Blockchain's Protocol or rules which leads to an alternation in the Blockchain software.

Forging: the process of generating new Blocks in a Blockchain network using Proof of Stake, also referred to as "minting".

Fractionalisation: dividing ownership of an asset into smaller, proportional parts, allowing multiple individuals to hold shares of a single item.

Fractionalised NFT: an NFT that has been split into smaller, tradable units, enabling shared ownership.

Fungibility: the characterisation of an asset that allows it to be exchanged on a one-to-one basis with another of the same kind and value.

Gas: a transaction fee paid by users to execute operations on a Blockchain, compensating Miners or validators for their work.

Genesis Block: the very first Block in a Blockchain, from which all other Blocks follow. Also referred to as "Block 0" or "Block 1".

Governance: system that manages and implements changes to the Protocol.

Governance Token: represents voting rights in Blockchain.

Governance Vote: votes by holders of Governance Tokens on a proposal related to the Blockchain or Protocol associated with it.

Halving: an event where the reward Miners receive for adding new Blocks to the Blockchain is halved. This happens at set intervals (usually approximately once every four years) and is designed to control the supply of Coins, making them more scarce over time.

Hash: a unique string of numbers and letters created by a computer algorithm to represent data. Each Block on a Blockchain has its own Hash, which helps confirm and secure the transactions inside it.

Hash Rate: a measure of how quickly a computer or network can process transactions and solve puzzles on a Blockchain. Higher Hash Rate means more security and faster processing.

Hashing: when a computer turns any amount of data into a fixed-length string of numbers and letters. No matter how big or small the input, the output (the Hash) is always the same length, making it easier to store and manage information on the Blockchain. It acts like a unique digital fingerprint.

HODL: a slang term for holding onto Cryptocurrency instead of selling it, even when prices are volatile.

Hot Storage: storing Cryptocurrency online, such as in a web or mobile wallet. It's convenient for quick access but more vulnerable to hacking than cold storage.

Initial Bounty Offering (IBO): a fundraising and Token distribution method whereby participants are rewarded with free or discounted project Tokens for investing their skills and efforts in the Token.

Initial Coin Offering (ICO): a fundraising method where new projects sell their own Coins or Tokens to investors which can take place ahead of the Coin being minted, under a SAFT. ICOs are similar to IPOs in traditional finance.

Initial Exchange Offering (IEO): where Tokens are initially sold through a Cryptocurrency exchange, rather than directly to the public.

Initial Token Offering (ITO): similar to an ICO, but with the offering of Tokens with proven (or unproven) intrinsic utility in the form of software or usage in an Ecosystem, again often using a SAFT.

Ledger: a record book (digital or physical) that tracks all transactions. Ledgers are usually digital and shared across many computers.

Lightning Network: a second-layer payment Protocol built on top of a Blockchain for the purpose of enabling instant, scalable transactions.

Liquidity Pool: a controlled pool of Cryptocurrencies or Tokens by Liquidity Providers to facilitate the smooth operation of a DEX by automatically matching trades, instead of using traditional buy/sell order books. Providers earn rewards like trading fees, special Tokens, or yield returns.

Liquidity Provider: someone who deposits or lends their Cryptocurrency to a Liquidity Pool or similar service to help it function and earn rewards.

LP Token: a token given to Liquidity Providers on a DEX. It shows how much of the Liquidity Pool they own and can sometimes be used to earn extra rewards or vote on decisions.

Masternodes: full Nodes in a Blockchain that support the networks operation and security by performing functionalities such as anonymising transactions, clearing transactions, and participating in governance and voting.

Metaverse: a virtual world or collection of digital spaces where people can interact, play games, work, or shop.

Miner: a person or computer that helps verify transactions and add them to the Blockchain. Miners are rewarded with Cryptocurrency for their work.

Mining: the process by which Miners expend resources solving complex mathematical problems with complex computers, including verifying transactions to put more Bitcoin into circulation.

Mining Pool: a group of Miners who combine their computing power to increase their chances of earning rewards. The rewards are shared among all members of the pool.

Mint: the creation of new Tokens or Digital Assets and adding them to a Blockchain.

Node: a computer or device that helps run and maintain a Blockchain network. Nodes store a copy of the Blockchain and help validate transactions.

Non-Fungible Token (NFT): a unique digital asset that represents distinctive ownership of a specific item such as digital art, music, videos and virtual real estate. Unlike Tokens, NFTs are not interchangeable with another NFT.

Non-Native Token: a Token that is not created by and not integral to the base Blockchain Protocol and is issued on top of an existing Blockchain and used for non-validation purposes.

Off-Chain: transactions that occur outside the Blockchain Ledger itself. The transaction is often recorded via second layer-solutions or independent networks.

Off-Ledger: transactions, data or assets that exist or are transferred outside the Blockchain Ledger itself.

Orphan: a Block that has not been accepted into a Blockchain.

P2P (Peer-to-Peer): direct transactions between people without a middleman, like a bank or payment service. P2P networks are the backbone of most Cryptocurrencies.

Payment Coin: a Coin specifically designed and used to facilitate payments or transactions.

Private Key: a secret code that lets you access and control your Cryptocurrency.

Proof of Stake (PoS): a way to confirm transactions where people “lock up” their Coins to help run the network. The more Coins you stake, the higher your chances of being chosen to validate transactions.

Proof of Work (PoW): a method where computers compete to solve complex puzzles to confirm transactions. The first to solve the puzzle adds the Block and earns a reward.

Private Blockchain: access is restricted. Controlled by central person or institution.

Protocol: a set of rules and code which governs how a Blockchain network operates and how Digital Assets are exchanged within that network.

Public Blockchain: Blockchain that anyone may access and participate in.

Simple Agreement for Future Tokens (SAFT): an agreement between Blockchain developers and investors, where the investors provide funding up front in exchange for the right to receive Tokens at a future date once certain milestones are met and the Token is launched.

Scalability: ability of a Protocol/Blockchain to process increased number of transactions efficiently without compromising speed, security or decentralisation.

Security Token: a Token that represents ownership or rights in real-world securities such as shares in a company or real estate.

Side Chain: Blockchain that is interoperable with one or more Blockchains/platforms and allows assets to be transferred or used between those Blockchains/platforms. They are distinct from "Child Chains" as they run their own consensus mechanisms and maintain independent security.

Smart Contract: a self-executing program that automatically carries out the terms of an agreement. Smart Contracts run on Blockchains and don't need intermediaries.

Stablecoin: a type of Cryptoasset which seeks to maintain a steady value by being pegged to a Fiat currency or other assets such as gold. Since they maintain a stable value, stablecoins are used as a common medium of exchange across different Blockchain networks or platforms and can also be used in staking protocols, which allow holders to earn rewards whilst also maintaining value stability.

Token: a digital asset that can represent value, rights, or access to a service. Tokens can be used for payments, voting, or accessing certain features.

Tokenisation: turning rights to an asset (like property or shares) into a digital token that can be traded on a Blockchain. Tokenisation makes it easier to audit, buy, sell, and split ownership or of a structure enabling 24/7 access to the asset and associated live data.

Token Generation Event (TGE): the creation and distribution of Tokens by a Blockchain project.

Trustless: an automated systems without the need for intermediaries.

Tumbler: a service that mixes potentially identifiable or "tainted" Cryptocurrencies together to hide their origin. The process obscures traceability and is used to enhance privacy.

Utility Token: a Token that gives holders access to a product or service, but doesn't represent ownership or investment. Utility Tokens are commonly used in Blockchain-based apps.

VASPs (Virtual Asset Service Providers): a business that facilitates one or more activities involving virtual assets or Cryptocurrencies, such as exchanges. Used interchangeably with "CASP" (cryptoasset service provider).

Wallet: a tool (software or hardware) for storing your Cryptocurrency and managing your private keys. Wallets let you send, receive, and keep your Digital Assets safe.

Web3: a new vision for the internet using Blockchain, where users have more control over their data and Digital Assets. Web3 aims for decentralisation and user empowerment.

Whale: someone who owns a large amount of Cryptocurrency and can influence the market with their trades.

White Paper: a document which sets out key technical, economic and strategic details of a Blockchain project or Cryptoasset. It explains the project's purpose, technology, goals, use cases and development roadmap.

Wrapped Token: a Token that represents another Cryptocurrency, allowing it to be used on different Blockchains.

Yield Farming: moving Cryptocurrencies between different DeFi platforms to earn the highest possible returns. Yield farmers often use Smart Contracts to automate this process.

Zero Confirmation Transaction: a transaction not yet recorded on the Blockchain.

Zero Knowledge Proof: a cryptographic method which allows one party to prove to another that a specific statement is true without revealing any underlying information, therefore allowing data to remain confidential, but with the necessary verifications having taken place.