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CAAIPO BEAT

The newsletter of the Caribbean and Americas intellectual Property Organization - CAAIPO.

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Editors Welcome.

We are pleased to present to you a new monthly newsletter featuring topics of interest and information on key issues from the Caribbean and around the world. We have teamed up with expert columnists who provide interesting points of view on law, business, economics, Intellectual Property and other subjects that we think may be of interest to our curious and engaged readers.

We hope that you enjoy this edition of the newsletter and welcome your feedback. Our contact information is available at the bottom of the newsletter.

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Beginners guide to Non-Fungible Tokens (NFT’s).

This information was taken from Investopedia.com

What Is a Non-Fungible Token (NFT)?

Non-fungible tokens or NFTs are cryptographic assets on a [blockchain](https://www.investopedia.com/terms/b/blockchain.asp) with unique identification codes and metadata that distinguish them from each other. Unlike [cryptocurrencies](https://www.investopedia.com/terms/c/cryptocurrency.asp), they cannot be traded or exchanged at equivalency. This differs from fungible tokens like cryptocurrencies, which are identical to each other and, therefore, can be used as a medium for commercial transactions.

WHAT YOU NEED TO KNOW

* NFTs are unique cryptographic tokens that exist on a blockchain and cannot be replicated.
* NFTs can be used to represent real-world items like artwork and real-estate.
* "Tokenizing" these real-world tangible assets allows them to be bought, sold, and traded more efficiently while reducing the probability of fraud.
* NFTs can also be used to represent individuals' identities, property rights, and more.

The distinct construction of each NFT has the potential for several use cases. For example, they are an ideal vehicle to digitally represent physical assets like real estate and artwork. Because they are based on blockchains, NFTs can also be used to remove intermediaries and connect artists with audiences or for identity management. NFTs can remove intermediaries, simplify transactions, and create new markets.

* In early March, a group of NFTs by digital artist Beeple was sold for over $69 million. The sale set a precedent and a record for the most expensive pieces of digital art sold thus far. The artwork was a collage comprised of Beeple's first 5,000 days of work.1

Much of the current market for NFTs is centered around collectibles, such as digital artwork, sports cards, and rarities. Perhaps the most hyped space is NBA Top Shot, a place to collect non-fungible tokenized NBA moments in a digital card form. Some of these cards have sold for millions of dollars.2 Recently, Twitter's Jack Dorsey tweeted a link to a tokenized version of the first tweet ever written where he wrote "just setting up my twttr." The NFT version of the first-ever tweet has already been bid up to $2.5 million.3

Understanding NFTs

Like physical money, cryptocurrencies are fungible i.e., they can be traded or exchanged, one for another. For example, one Bitcoin is always equal in value to another Bitcoin. Similarly, a single unit of Ether is always equal to another unit. This fungibility characteristic makes cryptocurrencies suitable for use as a secure medium of transaction in the digital economy.

NFTs shift the crypto paradigm by making each token unique and irreplaceable, thereby making it impossible for one non-fungible token to be equal to another. They are digital representations of assets and have been likened to digital passports because each token contains a unique, non-transferable identity to distinguish it from other tokens. They are also extensible, meaning you can combine one NFT with another to “breed” a third, unique NFT.

Just like [Bitcoin](https://www.investopedia.com/terms/b/bitcoin.asp), NFTs also contain ownership details for easy identification and transfer between token holders. Owners can also add metadata or attributes pertaining to the asset in NFTs. For example, tokens representing coffee beans can be classified as fair trade. Or, artists can sign their digital artwork with their own signature in the metadata.

NFTs evolved from the ERC-721 standard. Developed by some of the same people responsible for the ERC-20 smart contract, ERC-721 defines the minimum interface – ownership details, security, and metadata – required for exchange and distribution of gaming tokens. The ERC-1155 standard takes the concept further by reducing the transaction and storage costs required for NFTs and batching multiple types of non-fungible tokens into a single contract.4

Perhaps the most famous use case for NFTs is that of cryptokitties. Launched in November 2017, [cryptokitties](https://www.investopedia.com/news/cryptokitties-are-still-thing-heres-why/) are digital representations of cats with unique identifications on Ethereum’s blockchain. Each kitty is unique and has a price in ether. They reproduce among themselves and produce new offspring, which have different attributes and valuations as compared to their parents. Within a few short weeks of being launched, cryptokitties racked up a fan base that spent $20 million worth of ether purchasing, feeding, and nurturing them. Some enthusiasts even spent upwards of $100,000 on the effort.5

While the cryptokitties use case may sound trivial, succeeding ones have more serious business implications. For example, NFTs have been used in private equity transactions as well as real estate deals. One of the implications of enabling multiple types of tokens in a contract is the ability to provide escrow for different types of NFTs, from artwork to real estate, into a single financial transaction.

Why Are Non-Fungible Tokens Important?

Non-fungible tokens are an evolution over the relatively simple concept of cryptocurrencies. Modern finance systems consist of sophisticated trading and loan systems for different asset types, ranging from real estate to lending contracts to artwork. By enabling digital representations of physical assets, NFTs are a step forward in the reinvention of this infrastructure.

To be sure, the idea of digital representations of physical assets is not novel nor is the use of unique identification. However, when these concepts are combined with the benefits of a tamper-resistant blockchain of smart contracts, then they become a potent force for change.

Perhaps, the most obvious benefit of NFTs is market efficiency. The conversion of a physical asset into a digital one streamlines processes and removes intermediaries. NFTs representing digital or physical artwork on a blockchain removes the need for agents and allows artists to connect directly with their audiences. They can also improve business processes. For example, an NFT for a wine bottle will make it easier for different actors in a supply chain to interact with it and help track its provenance, production, and sale through the entire process. Consulting firm Ernst & Young has already developed such a solution for one of its clients.6

Non-fungible tokens are also excellent for identity management. Consider the case of physical passports that need to be produced at every entry and exit point. By converting individual passports into NFTs, each with its own unique identifying characteristics, it is possible to streamline the entry and exit processes for jurisdictions. Expanding this use case, NFTs can be used for identity management within the digital realm as well.

NFTs can also democratize investing by fractionalizing physical assets like real estate. It is much easier to divide a digital real estate asset among multiple owners than a physical one. That tokenization ethic need not be constrained to real estate; it can be extended to other assets, such as artwork. Thus, a painting need not always have a single owner. Its digital equivalent can have multiple owners, each responsible for a fraction of the painting. Such arrangements could increase its worth and revenues.

The most exciting possibility for NFTs lies in the creation of new markets and forms of investment. Consider a piece of real estate parceled out into multiple divisions, each of which contains different characteristics and property types. One of the divisions might be next to a beach while another is an entertainment complex and, yet another, is a residential district. Depending on its characteristics, each piece of land is unique, priced differently, and represented with an NFT. Real estate trading, a complex and bureaucratic affair, can be simplified by incorporating relevant metadata into each unique NFT.

Decentraland, a virtual reality platform on Ethereum’s blockchain, has already implemented such a concept.7 As NFTs become more sophisticated and are integrated within financial infrastructure, it may become possible to implement the same concept of tokenized pieces of land, differing in value and location, in the physical world.

Frequently Asked Questions (FAQs)

What are some examples of non-fungible tokens?

Non-fungible tokens can digitally represent any asset, including online-only assets like digital artwork and real assets such as real estate. Other examples of the assets that NFTs can represent include in-game items like avatars, digital and non-digital collectibles, domain names, and event tickets.

How can I buy NFTs?

Many NFTs can only be purchased with Ether, so owning some of this cryptocurrency—and storing it in a digital wallet—is usually the first step. You can then purchase NFTs via any of the online NFT marketplaces, including OpenSea, Rarible, and SuperRare.

Are non-fungible tokens safe?

Non-fungible tokens, which use blockchain technology just like cryptocurrency, are generally secure. The distributed nature of blockchains makes NFTs difficult, although not impossible, to hack. One security risk for NFTs is that you could lose access to your non-fungible token if the platform hosting the NFT goes out of business.

# On cultural appropriation and Intellectual Property Rights in the Caribbean; How long can we shout strangers away from the yard?

By Dr. Abiola Inniss Ph.D. LLM

             In recent weeks, and not for the first time, there has been a tremendous clamour over the issue of cultural appropriation. This time it was about the use of the word J’ouvert as the label for a rum product to be produced by the well-known American actor Michael B Jordan. In 2019 there was the matter of Kanye West using National emblems of Jamaica on merchandise that he was marketing in promotion of his church services. In both situations public condemnation and in the Kanye West case intervention by the Government of Jamaica resulted in the reversal of the decisions to use the identified term J’ouvert and logos for personal gain by these artistes.

              In some ways it is heartening that Caribbean voices are being raised in objection to the appropriation of cultural emblems, words, phrases, and other expressions which are of definite Caribbean origin by those in developed countries for personal gain. It signals that there is a growing awareness of the value of culture from a socio-psychological perspective for nationals, as well as the novelty it contributes to world culture. It is the latter that non-Caribbean operatives have exploited for decades with no recompense for the Caribbean economies or its people as a whole. The Caribbean has benefitted little from the use of cultural and traditional knowledge both in the region and outside it, and while some in the past have considered it of low value and the culture of developed countries as far superior, the diaspora has begun to own the culture more forcefully, to share and promote it vigorously.  Caribbean peoples the world over have begun to recognize the value of our cultural contributions and to feel pride in it now more than any time in our history.

             Nevertheless, the more substantial issue of how to approach the protection of cultural and traditional assets still remains to be addressed in an holistic manner and through the mechanisms of legal and regulatory framework as outlined in Article 66 of the Revised Treaty of Chaguaramas for Caricom nations.

Traditional knowledge and cultural expression have long held the attention of a few academics and cultural groups who have felt the need to preserve them but are to this day largely unknown to the public.

The concept of traditional knowledge in the context of intellectual property is rooted in the idea that the life skills and knowledge passed down through generations should be the preserve of the peoples who practiced them, and that any use of such knowledge should be with their permission and in such a manner as prescribed by them. It is recommended that where financial gain is intended from the use of such knowledge the originators of that knowledge should benefit financially as well. This seems to be a fair approach to the issue of monetizing traditional knowledge.

           The following excerpt from a WIPO publication is instructive on this idea.  
‘‘Contrary to a common perception, traditional knowledge is not necessarily ancient.  
It is evolving all the time, a process of periodic, even daily creation as individuals  
and communities take up the challenges presented by their social and physical  
environment. In many ways therefore, traditional knowledge is actually contemporary  
knowledge. Traditional knowledge is embedded in traditional knowledge systems,  
which each community has developed and maintained in its local context. The  
commercial and other advantages deriving from that use could give rise to intellectual property questions that could in turn be multiplied by international  
trade, communications and cultural exchange ([http://www.wipo.int/about-ip/en/studies/publications/genetic resources.htm](http://www.wipo.int/about-ip/en/studies/publications/genetic%20resources.htm)).

There is also the issue of folklore and the ability of any group or nation to protect for posterity the use of information known as folklore. For example, the legend of the Guyanese “Massacuraman” a demonic spirit found in the jungles of Guyana, particularly the rivers and creeks which appears to those it encounters as half man- half animal and which causes untold terrors to those who cross its path is derived from the tribal traditions of the Amerindian peoples, though it is unclear which of the tribes originated the legend. It is said to be similar to the legend of “Papa Bois” of Trinidad. It the case of the “Massacuraman” the protection of the legend as folklore or cultural expression has not been considered to any great degree, if at all by academics and certainly not by policymakers. This applies of course to all Guyanese folklore and cultural expressions. WIPO is still in the process of working on a draft document for the protection of traditional knowledge and cultural expressions with input from several countries including a few from the Caribbean, it is unclear whether Caricom through its COHSOD - Council for Human and Social Development is part of the negotiations and how the eventual draft mechanism will take into account the various traditional practices of the Caribbean region.

It is clear however that Caricom has an opportunity to craft a regional convention for the protection of traditional knowledge and cultural expressions for the entire region to which member countries can become signatories. Such an approach will serve two purposes; in the first instance it will enable the protection of the use of traditional expressions and folklore within the region, and second, provide a substantial basis for negotiations at international bodies in these areas.

           The clamour for recognition and protection of the use of expressions, practices and other cultural attributes both by Caribbean nationals and foreigners who wish to monetize them is an important facet in owning the culture, protecting it from sociological and anthropological standpoint, ensuring that it is passed freely to the next generations as part of their natural inheritance, and asserting the value of our unique contributions to the world at large. National governments and Caricom have to take up the responsibility for ensuring that comprehensive legal mechanisms are developed to protect our heritage. The tactic of “shouting strangers away from the yard” will not always work and may not work much longer.

# Guyana’s Demerara Rum receives Geographical indication status in the European Union.

In August of 2021 Demerara Distillers Limited reported that it had finally received protection for its rum under the provisions of the European Union for Geographical Indications. It was noted that this was a significant achievement for the product and for Guyana as a country especially since there had been several failed attempts to have products made in Guyana receive IP protections internationally. Most notably has been the inability of Guyana to acquire geographical indications protection for its Demerara sugar ,which though produced in the County of Demerara was found to be a ubiquitous term used by other producers such as Mauritius.

It is hoped that with the newer more progressive thinking this situation can be reversed and Demerara Sugar can also receive the intellectual property protection it deserves.

## Cryptocurrency- what you need to know.

## This information was taken from Investopedia.com

## What Is Cryptocurrency?

A cryptocurrency is a digital or [virtual currency](https://www.investopedia.com/terms/v/virtual-currency.asp) that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend. Many cryptocurrencies are decentralized networks based on [blockchain](https://www.investopedia.com/terms/b/blockchain.asp) technology—a [distributed ledger](https://www.investopedia.com/terms/d/distributed-ledgers.asp) enforced by a disparate network of computers. A defining feature of cryptocurrencies is that they are generally not issued by any central authority, rendering them theoretically immune to government interference or manipulation.

### KEY TAKEAWAYS

* A cryptocurrency is a form of digital asset based on a network that is distributed across a large number of computers. This decentralized structure allows them to exist outside the control of governments and central authorities.
* Experts believe that blockchain and related technology will disrupt many industries, including finance and law.
* The advantages of cryptocurrencies include cheaper and faster money transfers and decentralized systems that do not collapse at a single point of failure.
* The disadvantages of cryptocurrencies include their price volatility, high energy consumption for mining activities, and use in criminal activities.

## Understanding Cryptocurrencies

Cryptocurrencies are digital or virtual currencies underpinned by cryptographic systems. They enable secure online payments without the use of third-party intermediaries. "Crypto" refers to the various encryption algorithms and cryptographic techniques that safeguard these entries, such as elliptical curve encryption, public-private key pairs, and hashing functions.

Cryptocurrencies can be [mined](https://www.investopedia.com/tech/how-does-bitcoin-mining-work/) or purchased from [cryptocurrency exchanges](https://www.investopedia.com/tech/190-cryptocurrency-exchanges-so-how-choose/). Not all ecommerce sites allow purchases using cryptocurrencies. In fact, cryptocurrencies, even popular ones like [Bitcoin](https://www.investopedia.com/terms/b/bitcoin.asp), are [hardly used](https://www.investopedia.com/news/coinbase-ceo-says-adoption-bitcoin-retailers-will-take-quite-some-time/)for retail transactions. However, the skyrocketing value of cryptocurrencies has made them popular as trading instruments. To a limited extent, they are also used for cross-border transfers.

### Blockchain

Central to the appeal and functionality of Bitcoin and other cryptocurrencies is blockchain technology. As its name indicates, blockchain is essentially a set of connected blocks or an online ledger. Each block contains a set of transactions that have been independently verified by each member of the network. Every new block generated must be verified by each node before being confirmed, making it almost impossible to forge transaction histories.1The contents of the online ledger must be agreed upon by the entire network of an individual node, or computer maintaining a copy of the ledger.

Experts say that blockchain technology can serve multiple industries, such as supply chain, and processes such as online voting and crowdfunding. Financial institutions such as JPMorgan Chase & Co. ([JPM](https://www.investopedia.com/markets/quote?tvwidgetsymbol=jpm)) are testing the use of blockchain technology to lower transaction costs by streamlining payment processing.2

## Types of Cryptocurrency

Bitcoin is the most popular and valuable cryptocurrency. An anonymous person called Satoshi Nakamoto invented it and introduced it to the world via a white paper in 2008. There are thousands of cryptocurrencies present in the market today.

Each cryptocurrency claims to have a different function and specification. For example, [Ethereum's](https://www.investopedia.com/terms/e/ethereum.asp) ether markets itself as gas for the underlying [smart contract](https://www.investopedia.com/terms/s/smart-contracts.asp) platform. [Ripple's](https://www.investopedia.com/terms/r/ripple-cryptocurrency.asp) XRP is used by banks to facilitate transfers between different geographies.

Bitcoin, which was made available to the public in 2009, remains the most widely traded and covered cryptocurrency. As of November 2021, there were over 18.8 million bitcoins in circulation with a total market cap of around $1.2 trillion. Only 21 million bitcoins will ever exist.3

In the wake of Bitcoin's success, many other cryptocurrencies, known as "altcoins," have been launched. Some of these are clones or [forks](https://www.investopedia.com/terms/h/hard-fork.asp) of Bitcoin, while others are new currencies that were built from scratch. They include Solana, [Litecoin](https://www.investopedia.com/terms/l/litecoin.asp), Ethereum, Cardano, and [EOS](https://www.investopedia.com/tech/what-is-eos/). By November 2021, the aggregate value of all the cryptocurrencies in existence had reached over $2.1 trillion—Bitcoin represented approximately 41% of that total value.4

## Are Cryptocurrencies Legal?

[Fiat currencies](https://www.investopedia.com/terms/f/fiatmoney.asp) derive their authority as mediums of transaction from the government or monetary authorities. For example, each dollar bill is backstopped by the Federal Reserve.

But cryptocurrencies are not backed by any public or private entities. Therefore, it has been difficult to make a case for their legal status in different financial jurisdictions throughout the world. It doesn't help matters that cryptocurrencies have largely functioned outside most existing financial infrastructure. The legal status of cryptocurrencies has implications for their use in daily transactions and trading. In June 2019, the [Financial Action Task Force (FATF)](https://www.investopedia.com/terms/f/financial-action-task-force-fatf.asp) recommended that wire transfers of cryptocurrencies should be subject to the requirements of its Travel Rule, which requires AML compliance.5

As of December 2021, El Salvador was the only country in the world [to allow Bitcoin](https://www.investopedia.com/el-salvador-accepts-bitcoin-as-legal-tender-5200470) as legal tender for monetary transactions. In the rest of the world, cryptocurrency regulation varies by jurisdiction.

Japan's Payment Services Act defines Bitcoin as legal property.6 Cryptocurrency exchanges operating in the country are subject to collect information about the customer and details relating to the wire transfer. China has [banned cryptocurrency exchanges](https://www.investopedia.com/bitcoin-price-tumbles-as-chinese-notices-roil-market-5202739) and mining within its borders. India was reported to be formulating a framework for cryptocurrencies in December.7

Cryptocurrencies are legal in the European Union. Derivatives and other products that use cryptocurrencies will need to qualify as "financial instruments." In June 2021, the European Commission released the Markets in Crypto-Assets (MiCA) regulation that sets safeguards for regulation and establishes rules for companies or vendors providing financial services using cryptocurrencies.8 Within the United States, the biggest and most sophisticated financial market in the world, crypto derivatives such as Bitcoin futures are available on the [Chicago Mercantile Exchange](https://www.investopedia.com/terms/c/cme.asp). The [Securities and Exchange Commission (SEC)](https://www.investopedia.com/terms/s/sec.asp) has said that Bitcoin and Ethereum are not securities.

Although cryptocurrencies are considered a form of money, the Internal Revenue Service (IRS) treats them as a financial asset or property. And, as with most other investments, if you reap capital gains in selling or trading cryptocurrencies, the government wants a piece of the profits. On May 20, 2021, the U.S. Department of the Treasury announced a proposal that would require taxpayers to report any cryptocurrency transaction of and above $10,000 to the IRS.9 How exactly the IRS would tax proceeds—as capital gains or ordinary income—depends on how long the taxpayer held the cryptocurrency.10

## Advantages and Disadvantages of Cryptocurrency

Cryptocurrencies were introduced with the intent to revolutionize financial infrastructure. As with every revolution, however, there are tradeoffs involved. At the current stage of development for cryptocurrencies, there are many differences between the theoretical ideal of a decentralized system with cryptocurrencies and its practical implementation.

Some advantages and disadvantages of cryptocurrencies are as follows.

### Advantages

* Cryptocurrencies represent a new, decentralized paradigm for money. In this system, centralized intermediaries, such as banks and monetary institutions, are not necessary to enforce trust and police transactions between two parties. Thus, a system with cryptocurrencies eliminates the possibility of a single point of failure, such as a large bank, setting off a cascade of crises around the world, such as the one that was [triggered in 2008](https://www.investopedia.com/articles/economics/09/financial-crisis-review.asp) by the failure of institutions in the United States.
* Cryptocurrencies promise to make it easier to transfer funds directly between two parties, without the need for a trusted third party like a bank or a credit card company. Such decentralized [transfers](https://www.investopedia.com/terms/t/transfer.asp) are secured by the use of [public keys](https://www.investopedia.com/terms/p/public-key.asp) and [private keys](https://www.investopedia.com/terms/p/private-key.asp) and different forms of incentive systems, such as [proof of work](https://www.investopedia.com/terms/p/proof-work.asp) or [proof of stake](https://www.investopedia.com/terms/p/proof-stake-pos.asp).11
* Because they do not use third-party intermediaries, cryptocurrency transfers between two transacting parties are faster as compared to standard money transfers. Flash loans in [decentralized finance](https://www.investopedia.com/decentralized-finance-defi-5113835) are a good example of such decentralized transfers. These loans, which are processed without backing collateral, can be executed within seconds and are used in trading.12
* Cryptocurrency investments can generate profits. Cryptocurrency markets have skyrocketed in value over the past decade, at one point reaching almost $2 trillion. As of Dec. 20, 2021, Bitcoin was valued at more than $862 billion in crypto markets.13
* The [remittance](https://www.investopedia.com/terms/r/remittance.asp) economy is testing one of cryptocurrency's most prominent use cases. Currently, cryptocurrencies such as Bitcoin [serve as intermediate currencies](https://www.investopedia.com/tech/bitcoins-best-use-isnt-currency-its-overseas-remittances/) to streamline money transfers across borders. Thus, a fiat currency is converted to Bitcoin (or another cryptocurrency), transferred across borders and, subsequently, converted to the destination fiat currency. This method streamlines the money transfer process and makes it cheaper.

### Disadvantages

* Though they claim to be an anonymous form of transaction, cryptocurrencies are actually pseudonymous. They leave a digital trail that agencies such as the Federal Bureau of Investigation (FBI) can decipher. This opens up possibilities of governments or federal authorities tracking the financial transactions of ordinary citizens. 14
* Cryptocurrencies have become a popular tool with criminals for nefarious activities such as money laundering and illicit purchases. The case of [Dread Pirate Roberts](https://www.investopedia.com/tech/ross-ulbricht-dark-net-pirate/), who ran a marketplace to sell drugs on the dark web, is already well known. Cryptocurrencies have also become a favorite of hackers who use them for ransomware activities.15
* In theory, cryptocurrencies are meant to be decentralized, their wealth distributed between many parties on a blockchain. In reality, ownership is highly concentrated. For example, an MIT study found that just 11,000 investors held roughly 45% of Bitcoin's surging value.16
* One of the conceits of cryptocurrencies is that anyone can mine them using a computer with an Internet connection. However, mining popular cryptocurrencies requires considerable energy, sometimes as much energy as entire countries consume. The expensive energy costs coupled with the unpredictability of mining have concentrated mining among large firms whose revenues running into the billions of dollars. According to an MIT study, 10% of miners account for 90% of its mining capacity.16
* Though cryptocurrency blockchains are highly secure, other crypto repositories, such as exchanges and wallets, can be hacked. Many cryptocurrency exchanges and wallets have been hacked over the years, sometimes resulting in millions of dollars’ worth of "coins" stolen.17
* Cryptocurrencies traded in public markets suffer from price volatility. Bitcoin has experienced rapid surges and crashes in its value, climbing to as high as $17,738 in December 2017 before dropping to $7,575 in the following months.3 Some economists thus consider cryptocurrencies to be a short-lived fad or speculation*.*

## Frequently Asked Questions

## What Is Cryptocurrency in Plain Words?

Cryptocurrencies are digital assets and decentralized systems that allow for secure online payments.

## How Do You Get Cryptocurrency?

Any investor can [purchase cryptocurrency](https://www.investopedia.com/buying-and-selling-4689764) from popular crypto exchanges such as Coinbase, apps such as Cash App, or through brokers. Another popular way to invest in cryptocurrencies is through financial derivatives, such as CME's Bitcoin futures, or through other instruments, such as Bitcoin trusts and Bitcoin ETFs.

## What Is the Point of Cryptocurrency?

Cryptocurrencies are a new paradigm for money. Their promise is to streamline existing financial architecture to make it faster and cheaper. Their technology and architecture decentralize existing monetary systems and make it possible for transacting parties to exchange value and money independently of intermediary institutions such as banks.

## Can You Generate Cryptocurrency?

Cryptocurrencies are generated by mining. For example, Bitcoin is generated using [Bitcoin mining](https://www.investopedia.com/terms/b/bitcoin-mining.asp#toc-what-is-bitcoin-mining). The process involves downloading software that contains a partial or full history of transactions that have occurred in its network. Though anyone with a computer and an Internet connection can mine cryptocurrency, the energy- and resource-intensive nature of mining means that large firms dominate the industry.

## What Are the Most Popular Cryptocurrencies?

Bitcoin is by far the most popular cryptocurrency followed by [other cryptocurrencies](https://www.investopedia.com/tech/most-important-cryptocurrencies-other-than-bitcoin/) such as Ethereum, Binance Coin, Solana, and Cardano.

## Are Cryptocurrencies Securities?

The SEC has [said](https://www.investopedia.com/news/sec-chair-says-bitcoin-not-security/) that Bitcoin and Ethereum, the top two cryptocurrencies by market cap, are [not](https://www.investopedia.com/news/why-did-sec-single-out-ether/) securities. It has not commented on the status of other cryptocurrencies.

Investing in cryptocurrencies and other initial coin offerings (“ICOs”) is highly risky and speculative, and this article is not a recommendation by Investopedia or the writer to invest in cryptocurrencies or other ICOs. Because each individual's situation is unique, a qualified professional should always be consulted before making any financial decisions. Investopedia makes no representations or warranties as to the accuracy or timeliness of the information contained herein.

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