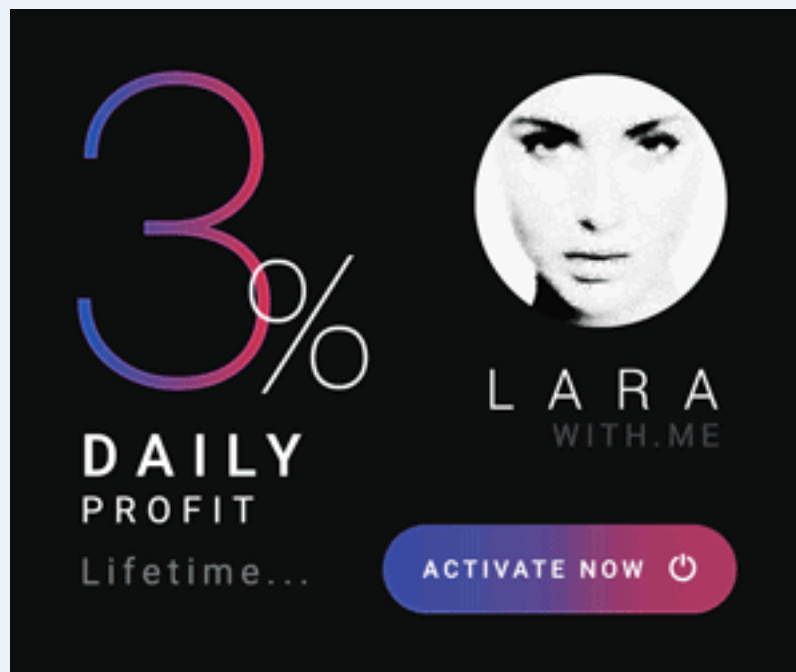




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The Chinese Government Publishes an Official Blockchain Whitepaper

China's Ministry of Industry and Information Technology (MIIT) has published the country's first official guiding document on blockchain technology and its applications in the country.

China, which sees a significant majority of the world's bitcoin trading, is a notable example of a major government's foray into understanding cryptocurrencies like bitcoin, and its underlying technology, the blockchain. Just a month ago in September, the Chinese government was revealed to be working on developing and eventually using blockchain-based solutions for social security payments.

Talking about the innovation's potential to enhance payment channels for pensions and benefits to its citizens, Wang Zohongmin, vice-chairman of China's National Council for Social Security Fund stated:

“ There's no doubt that blockchain technology will be used in the social security system because of its valuable applications in the investment and management of social security funds.

An Official Blockchain Whitepaper

China's Central Blockchain Whitepaper

Titled “the Blockchain Technology and Application Development Whitepaper”, the [white paper \[PDF\]](#) began as a draft, going through an editing process since August 2016, Chinese financial publication [EastMoney](#) revealed. Multiple companies and institutions took part in the development of the whitepaper, including public and private institutions.

Two months in, the Whitepaper was published on October 18. The paper was overseen, guided and produced by MIIT, the National Standardization Committee, the Chinese Blockchain Technology and Industrial Development Forum.

The Whitepaper details the potential applications of blockchain technology, with a focus on finance. A sampling of blockchain application scenarios, as detailed by the Whitepaper, includes supply-chain management, analyzing finance, entertainment, smart manufacturing, social welfare, education and employment.

Participating institutions include the likes of Alibaba’s Ant Finance, WeBank, the Ping’an Insurance Group (incidentally also an R3 member) and the Chinese Digital Technology Standardization Research Institution, among several others.

The Primary Application – Finance

The Whitepaper points to the finance sector as the first frontier ripe for blockchain implementation. While the payments sector is an obvious use case – considering blockchain’s most celebrated use-case bitcoin’s continued global growth and adoption – the Whitepaper also lays out other applications for blockchain in the financial industry. This includes areas of asset management, securities, clearing and settlement and user Identity

management.

The Finance Industry, Blockchain's biggest target.

For instance, the **asset management** space sees a plethora of custodians invested via stock equities, vouchers, bonds and other financial instruments. Blockchain can fundamentally uproot the high costs and risks that routinely plague the space, with an integrated distributed ledger allowing participants to transact directly onchain.

Blockchain smart-contracts would enhance the **securities sector** with increased efficiency, the Whitepaper explains, pointing to financial instruments such as repos, swaps and syndicated loans – all of which can be administered over a ledger. Automatic contract implementation and a preset rules will further streamline the process.

Clearing & Settlement is described as a significant sector for a blockchain breakthrough. Varied regulatory frameworks and infrastructures, manual vetting processes and different business practices make for the traditional *and current* settlement industry. Pointing to such characteristics as both expensive and riddled with a good chance of failure, the Whitepaper points to Blockchain technology's core feature – the realization of value transfer, instantaneously, without the need for a third party.

Bringing Blockchain Standardization

The Whitepaper points to the glaring lack of global standards at a time when seemingly every sector of the financial industry and even other prominent spaces like healthcare, national defense, the media industry, among others, are in a collective sprint to develop and harness blockchain solutions.

The government's Whitepaper sees standardization as a necessity for all technologies. While this is obvious for various reasons including interoperability and efficiency, while reduced costs over common protocols, the Chinese government blockchain standardization as crucial for government policies and regulation.

Laying out the path that it sees will lead to standardization, the Whitepaper explains the standard should be seen in the following categories:

- The Basics
- The Process and the Methodology
- Trust and Operability
- Business and Application
- Information Security.

The steps toward implementing the above standards? The Whitepaper adds:

- System Pre-Research
- Standard Research
- Trial and Promotion, and eventually
- System Improvement

Notably, the Chinese government revealed its intent to proceed with the timeline, with the last step of 'System Improvement' to commence no later than October 2017 – a year from now.

A notable effort to develop and enforce blockchain standards, globally, sees Australia in the driver's seat after the International Standards Organization (ISO) – widely regarded as the world's foremost standards authority – appointed Australia to lead an international technical committee to build a unified approach for standards among both private and public ledgers, smart contracts and more.

Widespread Disruption

The Whitepaper further identified other sectors as major cases for blockchain disruption. In some of these cases, the technology could even save entire industries, fundamentally. They pin-pointed sectors according to the official Chinese release includes supply chain logistics, the charity sector that could see (or do with) transparency and IP protection in the entertainment and arts industry among others.

The Whitepaper also sought for friendly policies to encourage blockchain development, which it says will support key technological research, building platforms for public services and more.

Ultimately, the Whitepaper underlines the enthusiasm and interest surrounding blockchain technology in the most populated and among the most important economies in the world.

It was to be expected, however. China's binge into blockchain and cryptocurrencies is no flash in the pan.

At the very beginning of 2016, China's Central Bank made the significant announcement that it was looking to develop and issue its own central-bank-controlled digital currency "as soon as possible." The announcement came

after a two-year research effort where the Chinese government engaged experts from the likes of Citibank and Deloitte to look into the frameworks and viability of issuing a national digital currency.

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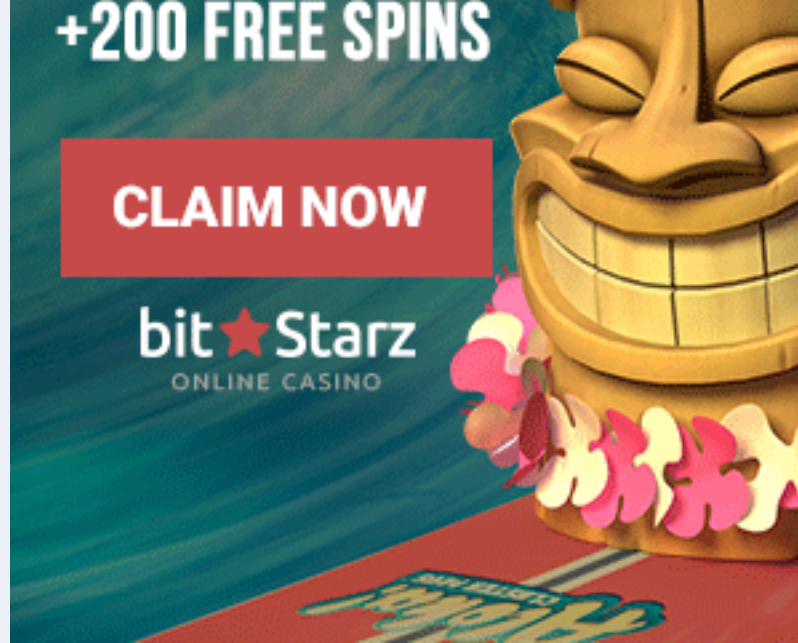
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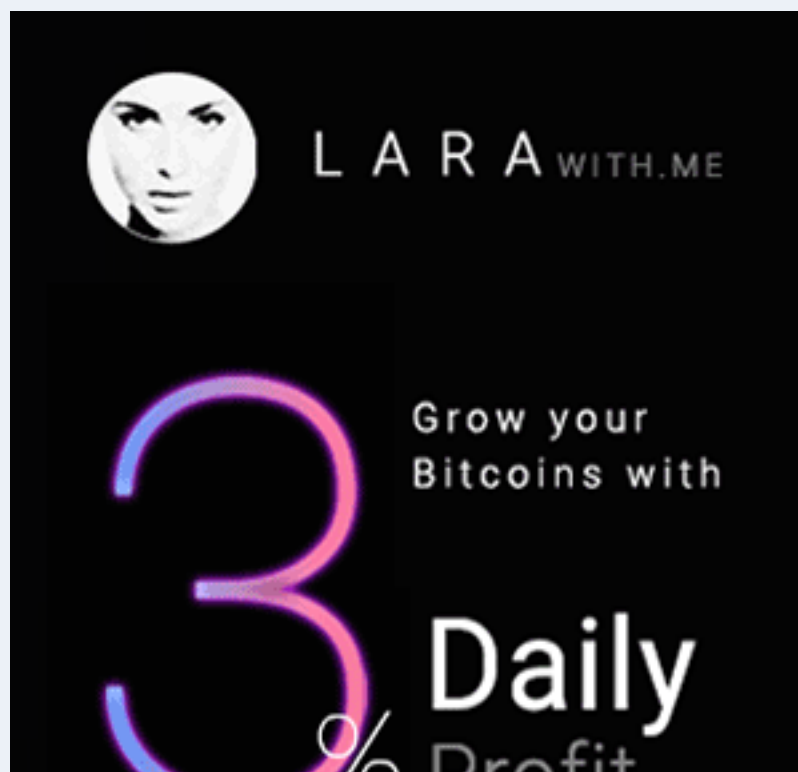
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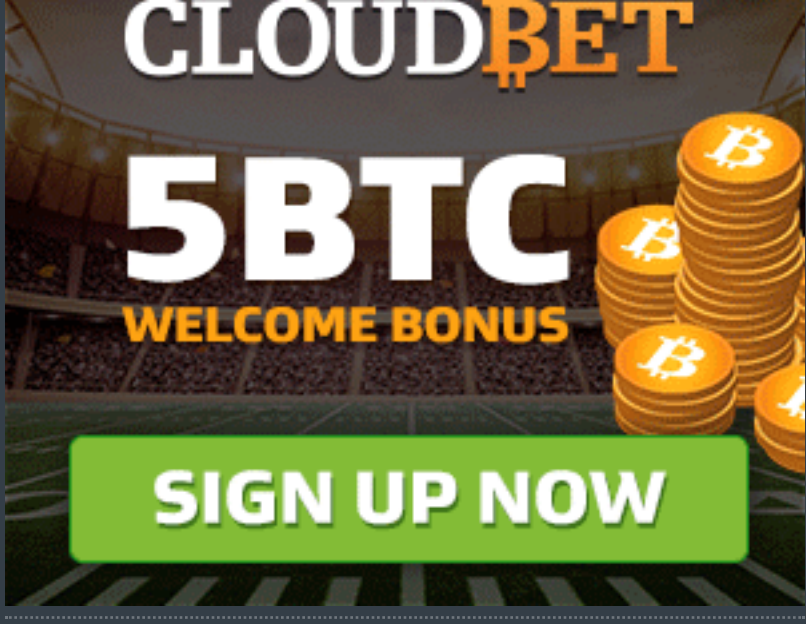
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