

Greengage

Greengage's Crypto Glossary

A handy guide to the most common
crypto and blockchain terms



Greengage developed its initially internal glossary, and has brought this condensed version to the public to build on the tradition of existing “Cryptonaries” and to add our contribution to education on key terms. Greengage is an ambitious scale-up of digital natives, aspiring to pioneer a new era in digital finance. Our evolving platform supports entrepreneurs, SMEs, family offices and digital asset firms with a wealth of innovative products and services, facilitating cost-effective transactions within and across traditional currency and digital assets. We currently offer clients diverse products and services across fiat currencies and digital asset classes. Learn more about us at www.greengage.co or email us at info@greengage.co.

Contributors



UKCBC

The UK Cryptoasset Business Council (UKCBC) was born out of a necessity for the cryptoasset sector to meaningfully engage with the political world. An evolving regulatory landscape coupled with rapid technological advancements within the sector has meant that industry now recognises that inaction is not an option. The adage: “If you don’t have a seat at the table, you’re probably on the menu” could not ring truer.

The UK is well placed to capitalise on this opportunity and become the centre of the global crypto-economy. We have deep roots in financial markets, a revered legal framework, and deep pools of talent – combined with the regulatory and legislative freedoms Brexit has afforded us.

The UKCBC has two simple aims: To educate and inform policymakers, and to support in identifying and shaping future and existing policy pathways to deliver favourable operating and reputational outcomes. Our premise in our work is that a collective and unified voice is far louder than a single entity.

Firstly, education. Rather than knee-jerk, reactionary policymaking, the UKCBC is pushing for an evidence-based approach to help deliver a permanent and measured regulatory framework that can help promote growth and respond effectively to the rapid pace of evolution in the crypto-economy. For that to happen, we must humanise and demystify the space. Put simply, we cannot expect informed policymaking without an informed legislature.

The UKCBC offers that platform and vehicle. What does education mean in reality? It means engaging at the coalface. With industry leaders speaking directly to decision-makers. You name it – the UKCBC is doing it. Our experts are on the front line – making the case to politicians, Ministers, civil servants, officials, and regulators in the work that we facilitate and deliver. We invite anyone in Westminster to reach out to us if they want to learn more.

Secondly, policy pathways. Legislation is coming. The UKCBC will help shape it – ensuring innovation and high levels of consumer protection. Solutions and proposals are the name of the game. All the signs so far are that Westminster and Whitehall want to know more. The UKCBC will be at the forefront of this exciting journey and ensure that the UK becomes a “global cryptoasset hub”.

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The Realization Group

Greengage’s PR agency – a B2B consultancy-led marketing agency operating at the intersection of TradFi and DeFi. For more information visit www.therealizationgroup.com



Foreword by Adam Afriyie MP, Chair of the All-Party Parliamentary Group on FinTech and President of the Conservative Science & Technology Forum

The financial sector is vital to the UK's economic future; and we have all the ingredients needed to make a success of a revolutionary tech and 'digital-first' approach to policymaking. We have the capital and workforce pools to deliver on these policies; our legal framework is venerated around the world and is ideal for the ever-changing possibilities that the technology affords; and we enjoy some of the largest fintech investment inflows on earth. But other jurisdictions have also moved quickly to capitalise on the opportunities this sector offers, and we are slipping when it comes to digital assets.

The last decade has seen remarkable growth in Blockchain and distributed ledger technologies. Their disruption will redefine financial services as we know them, from the operational to product possibility. Unimaginable efficiency savings that were the stuff of dreams just 10 years ago will become commonplace, with choice of services, cost reductions, speed and data safety all set to be revolutionised.

The world's largest financial institutions are pouring resources and brainpower into newly-founded innovation, and the public sector must take note of this paradigm shift in technology architecture. The transformational properties and the possibilities this technology offers to assist governments looking to deliver enhanced services at lesser cost, cannot be underestimated.

The UK has traditionally been in the vanguard when it comes to financial services. It must embrace digital assets to remain there and to become a world leader in influence, and in setting standards in this nascent asset class.

The FCA has released its cryptoasset guidance and I am pleased that several firms have registered, but it is also true that existing barriers are pushing some jobs abroad. As a country we must seize the moment together and embrace the change. After all, fortune favours the bold.

Understanding the language of this new industry will be key for policy makers in recognising and evaluating the enormous potential of this sector. As Chair of the All Party Parliamentary Group on FinTech, I was pleased to be asked to introduce a glossary of terms compiled by one of the new, and exciting FinTechs in the digital asset sector.

I urge anyone attending a meeting, or considering future policy, to take this glossary with them to help demystify some of the areas under discussion and help the UK to make the best of the opportunities that undoubtedly lie ahead.

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Please note that this glossary is intended to focus on generic terms and therefore, with the exception of BTC and ETH, this excludes shorthand for specific types of individual cryptocurrencies and excludes names of industry firms.

Algorithm	A set of rules that determine a process for executing operations, usually by a computer.
Algorithmic Stablecoin	Designed to maintain stability, a cryptocurrency which is backed by another cryptocurrency, however this stability may not always be the case as in e.g. Terra (LUNA).
Altcoin	Any coin created post-Bitcoin. The meaning has changed to denote coins with lower market capitalisation.
AML	Anti Money Laundering legislation.
ASIC	Application Specific Integrated Circuit - refers to microchips and processors designed to perform specific tasks, thus vastly increasing efficiency and computing power. Therefore, ASIC miners are microchips specifically designed for mining cryptocurrencies.
ATH	All Time High - the highest valuation reached by a currency to date.
ATL	All Time Low - the lowest valuation reached by a currency to date.
Bitcoin	The first, and leading, decentralised digital currency.
Block	A blockchain structure similar to a file or folder where verified data (or transactions) are stored.
Blockchain	A distributed ledger where transactions (or ledger changes) are verified in blocks rather than individually. This data is then linked to the previously verified data block, forming a chain. This link makes the ledger, and the data sitting on it, more secure as it is stored cryptographically (refer to Consensus definition).
Block Reward	The reward, in the form of cryptocurrencies, which miners receive after adding a block to the chain.
BTC	Bitcoin

Byzantine Fault Tolerance	The ability of a computer system to maintain integrity despite any faults within said system.
CBDC	Central Bank Digital Currency – A fully digital form of Central Bank- issued money.
CFIT	The newly established Centre for Finance, Innovation and Technology brings together experts to support and conduct research in the development and application of new financial technologies (fintech).
Cold Storage	A form of custody in which the keys for a cryptocurrency wallet are kept offline when not transacting. This makes your cryptocurrency virtually inaccessible to online hackers.
Consensus	The beating heart of public ledgers, consensus is required for updates or transactions on blockchains. It refers to the need to reach agreement by the majority of relevant actors on the blockchain as to what the status of the ledger is. This agreement is quickly distributed (with larger blocks taking longer) so that all nodes have the same ledger.
Crypto Cryptocurrency, Cryptoasset or Crypto Token	These terms are used interchangeably. A digital representation of value or contractual rights that can be transferred, stored, or traded electronically utilising cryptography, and is said to be decentralised since the transfer and creation of the currency is not controlled by any central bank or actor. Crypto transactions take place directly between parties' wallets, often using blockchain technology.
Cryptography	Used to provide security for networks by encrypting data.
Crypto Native	There is no settled definition and meaning tends to be context specific. A crypto native is a person or business that has its roots in decentralisation, blockchain, distributed ledgers etc. at one end of the spectrum, whilst at the other it refers to those whose political philosophy is maybe libertarian and, in some cases, even peacefully anarchic.

DAO	Decentralised Autonomous Organisation, initially developed for creating a trustless organisation, now refers to any community led trustless ecosystem built on blockchain (refer to Consensus definition).
Decentralised Virtual Currencies	Refer to Cryptocurrencies definition.
DeFi	Short for “decentralised finance,” an umbrella term for a variety of financial applications and technology based on distributed ledgers and ‘smart contracts’. The system removes the control banks and institutions have on money, financial products, and financial services since they are replaced by code for verification of provenance, execution of contractual terms and settlement between counterparties.
Digital Money	Currencies which are only available in digital form.
Distributed Ledger	Ledgers or records of transactions (or transfers of data) are distributed across a network of nodes. There is no master copy of a ledger held with a central authority. A blockchain is a form of distributed ledger.
ETH	Ether
Ethereum	The underlying token of the Ethereum blockchain.
Ether	A decentralised platform using the Ether token.
ERC-20	The leading technical standard for fungible tokens (tokens representing either an asset, right, ownership, access, or anything that can be transferred) created on the Ethereum blockchain. This standard allows tokens to be exchanged for a token that represents another property or factor, forming the basis for smart contracts in which traditional models are disintermediated. For example, conditions written into the code that execute different aspects of a transaction between parties and ‘moves’ tokens around according to pre-determined conditions negate the need for bankers and lawyers, rather borrowers and lenders interact directly.
FATF	(Pronounced ‘fat f’) – The Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog. This inter-governmental body sets

international standards that aim to prevent illegal activities. As a policy-making body, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

Fiat	Central Bank or government-backed money e.g Sterling.
Fiat on ramp/ off ramp	Payment rails that facilitate fiat (Central Bank) money getting to cryptocurrency exchanges to convert to cryptocurrency, and vice versa.
FinCEN	Crypto currency exchanges operating in the US fall under the regulatory scope of the Bank Secrecy Act and must register with the Financial Crimes Enforcement Network (FinCEN). Although FinCEN do not consider crypto a legal tender, it does consider crypto exchanges to be 'money transmitters' since crypto tokens are 'other value that substitutes for currency'.
Fork	When a blockchain splits into two separate chains.
Genesis Block	The first block of a blockchain.
Halving	When mining rewards are reduced by 50%. For Bitcoin, this happens approximately every 4 years. It is a design feature that consolidates the feature of scarcity.
Hashing Power	A measure of a computer's output in trying to solve cryptographic puzzles. This is the method by which transactions are validated on proof of work blockchains. Since there are no intermediaries in this process, it is said to be trustless i.e. no central authority is relied on.
Hashrate	The amount of processing power being used by a proof of work blockchain. The measuring unit is hashes per second (h/s).
HODL	Slang term for holding a cryptocurrency rather than selling.
Hot Storage	Online cryptocurrency wallet. These are hackable as they are connected to the internet and so are deemed less safe than other custody solutions.

ICO	Initial Coin Offering – raising funds by selling new coins or tokens.
Maximalist	A maximalist (maxi) in crypto is an advocate for the most extreme interpretation or conclusion of whatever coin or ecosystem they particularly support e.g. Bitcoin maxis believe that Bitcoin will become a global reserve currency, or that it will become a pre-eminent settlement layer serving as the basis for ecosystems that have already been built, or that are under construction.
Mempool	Memory pool – once a transaction has been submitted, it is held in the mempool before being confirmed.
Metaverse	A digitally constructed space where people can interact, go shopping or play games. For maximalists, this is where physical and digital spaces meet (refer to Maximalist definition).
MiCA	The European Markets in Crypto-Assets bill. This is a set of rules covering crypto-assets which have been agreed by the European Parliament. It aims to regulate the crypto-asset environment in-line with other financial assets and services and to protect consumers.
Miner	Computers that verify transactions on the blockchain ledger in exchange for a reward based in cryptocurrency.
Mining Pool	Pool resources between miners to share processing power.
Network	A connection between computers/devices that allows them to interact with each other.
Node	In computer science generally, a node is a device integral to a larger network. In the context of cryptocurrency and blockchain, a node is a computer that runs the blockchain's software so that transactions or transfers can be validated and then recorded.
P2P	Peer to Peer – participants are connected to each other with no central control.

Permissioned Ledger	Transactions on these blockchains need to be validated by a third party.
Private Key	A large numerical code that is used by its owner to access/withdraw their digital currencies.
Proof of Work	A type of consensus mechanism where a brute force iterative method is used to solve cryptographic puzzles, and thus validate the transactions that are appended to the blockchain ledger. This process has a high demand for computing power and therefore uses lots of energy.
Proof of Stake	A type of consensus mechanism that uses a fraction of the energy of proof of work. In essence, holders of a network token 'stake' (lock their tokens on the blockchain) for the opportunity to be picked to validate a block and thus receive transaction fees as a staking reward. Bad actors risk a portion or all of their locked tokens being taken away while those whose nodes are not online 24/7 and ensuring resilience are also penalised.
SAR	Suspicious Activity Reports (SARs) alert law enforcement to potential instances of money laundering or terrorist financing. SARs are made by financial institutions and other professionals. Because of the nature of crypto, these can be generated in real time, giving crime fighters an edge not available in other asset classes.
Satoshi	The smallest unit of a bitcoin – a hundred millionth of a bitcoin. Named after the creator of Bitcoin, Satoshi Nakamoto.
Security Tokens	Tokens with specific characteristics that mean they provide rights and obligations akin to specified investments, like a share or a debt instrument.
Smart Contract	A smart contract is a self-executing contract with terms of the agreement between parties being directly written into lines of code. The code and the agreements exist across a distributed, decentralized blockchain network and so there are no intermediaries such as lawyers, banks, exchanges or accountants.

Stablecoin	A digital currency which is pegged to another stable asset such as USD.
Tokens	Represent digital assets – term often used interchangeably with cryptocurrencies.
Tokenisation	The transformation of the rights to an asset into digital form (tokens).
TVL	Total Value Locked – the amount of user’s funds deposited in a decentralised finance (DeFi) protocol.
Travel Rule	FinCEN expects crypto exchanges to comply with ‘the travel rule’ which stipulates that information about originators and beneficiaries of transactions must be recorded and shared with the relevant authorities.
Trustless	In cryptocurrency, this does not mean untrustworthy. Users’ faith in a transaction resides in our trust in formal logic and the requirement to expend energy to power computer processors, rather than in judgements of character, reputation or central authority approval.
Utility Tokens	Tokens which grant holders access to a current or prospective product or service but do not grant holders rights that are the same as those granted by specified investments. Although utility tokens are not specified investments, they might meet the definition of E-money in some circumstances.
Virtual Asset Service Providers (VASPs)	<p>A VASP is any natural or legal person who as a business conducts activities or operations for or on behalf of another natural or legal person such as:</p> <ul style="list-style-type: none"> • exchange between virtual assets and fiat currencies; • exchange between one or more forms of virtual assets; • transfer of virtual assets; • safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets;

- and participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset

VASPs include cryptocurrency exchanges and digital wallet providers, and even some financial institutions, including banks dealing with crypto assets.

Web1	1990–2004. Characterised by 'read-only' websites in which there was no interaction between users, rather the data presented was static and tended to be put up by companies for informational purposes.
Web2	2004–current. The second stage of development of the internet where interaction between users became possible e.g. Facebook, Twitter etc.
Web3	Web3 is a catch-all term for a vision of a different structure of the original internet in which users are empowered by building a new architecture using blockchains, cryptocurrencies and NFTs. This new iteration of the internet returns power back to users in the form of ownership of their data and distribution rights. The drive to Web3 is precisely because of the success of Web 1 and 2 in bringing billions onto the internet, albeit in a centralised manner.
Whale	An investor who has a significant impact on the market due to their large cryptocurrency holdings.
Yield Farming	Yield farming is the activity of switching between apps and platforms to try and generate higher yields or returns on crypto assets. It involves deploying funds through the use of computer programs called smart contracts. In return for this service, one earns fees in the form of cryptocurrency.
Zero Knowledge Proof	A method for proving that a statement is true without offering further information to the verifier e.g. confirming an ID without sending over passport or driving licence documents. These are a breakthrough in cryptography in that they help provide higher standards of data protection.

A handy guide to the most common crypto and blockchain terms

As the world of crypto and blockchain grows, we at Greengage have created this handy reference guide to provide you with definitions for some of the most common terms you may come across in this specialised sector.

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