

POSITION CLARITY · FIELD GUIDE

What a Token *Actually Is*

The difference between a coin and a token, the main kinds you will meet, and what honestly gives one value. Built for understanding, not advice. A label is not a reason to own anything.

Coin

Token

Supply

Value

Position Clarity

An educational reference. Made in Canada.

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Educational only. Not investment advice.

POSITION CLARITY

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Coin versus token

People use coin and token as if they mean the same thing. They do not, and the difference explains a lot of what you will see.

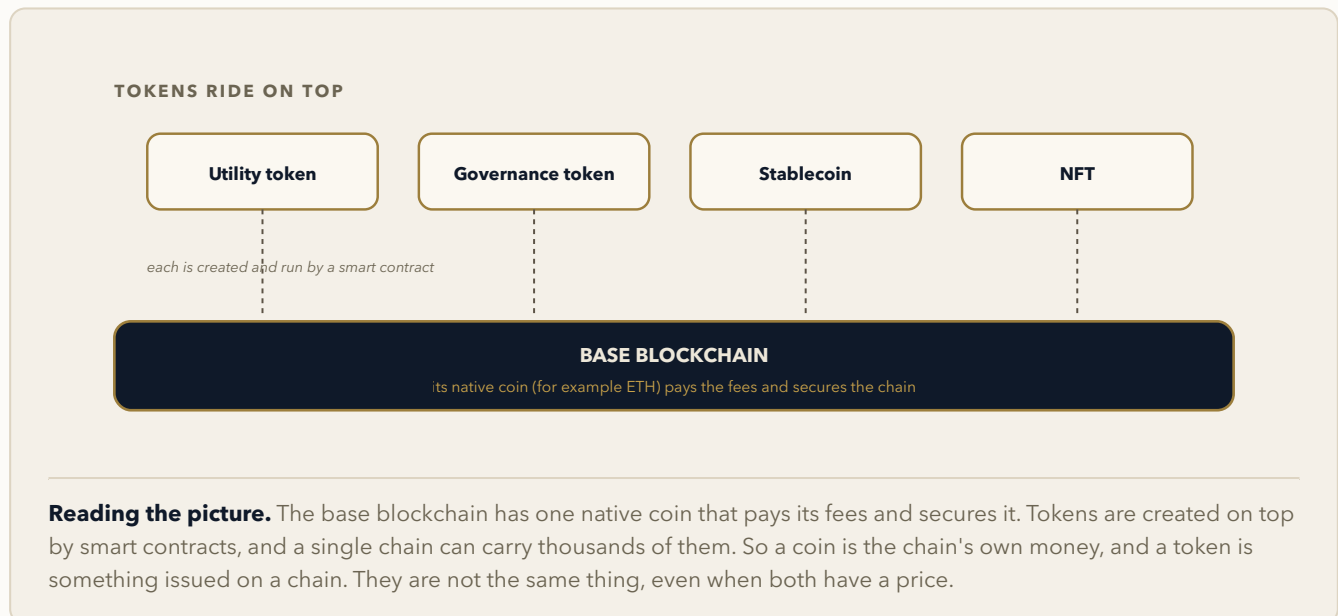
Blockchain. A shared record of who owns what, kept by a network at once. Bitcoin and Ethereum are blockchains.

Coin. The native money of its own blockchain. Bitcoin on the Bitcoin network, Ether on Ethereum. The coin usually pays the network's fees.

Smart contract. A program that runs on a blockchain and follows its own rules. It can create and manage assets.

Token. An asset created on top of an existing blockchain by a smart contract, rather than being the chain's own coin. Most things you see listed are tokens.

Standard. A shared template tokens follow so wallets and apps can handle them. On Ethereum the common one is called ERC-20.



The main kinds of tokens

Tokens get sorted into types by what they are meant to do. The labels are useful, with one honest caveat: the labels overlap, and a label is marketing until the token actually does the thing.

KIND	WHAT IT IS MEANT TO BE	WORTH NOTING
Native coin	The chain's own money, like Bitcoin or Ether.	<i>Not a token at all. Included so the contrast is clear.</i>
Utility token	Meant to be used for something inside an app or network.	<i>"Utility" only means something if the use is real and needed.</i>
Governance token	Carries a vote on how a project is run.	<i>A vote is not the same as a claim on profits or assets.</i>
Stablecoin	Designed to track a stable value, usually a dollar.	<i>Only as stable as what backs it. Read what that is.</i>
Non-fungible token (NFT)	A one-of-a-kind token, where each is distinct. Fungible means interchangeable, like dollars; non-fungible means not.	<i>Ownership of a record, which may or may not carry rights to anything else.</i>
Wrapped token	A stand-in that represents another asset on a different chain.	<i>You are trusting whatever holds the real asset behind it.</i>
Meme token	Created mostly around attention, with no claimed use.	<i>Honest about being driven by sentiment, which cuts both ways.</i>

What gives a token value, honestly

A type label does not create value. Value comes from the same plain forces as anywhere else: how many exist, how many will exist, who holds them, and whether anyone actually needs them. The study of this is called tokenomics.

Tokenomics. The supply, distribution, and incentives of a token. The economics of the thing, as opposed to the marketing.

Circulating supply. How many tokens are out and tradable right now.

Total and fully diluted supply. How many exist in all, and how many there will ever be once everything is released. A small circulating supply can hide a large amount still to come.

Emissions. The rate at which new tokens are released over time. Steady new supply can weigh on price.

Vesting and unlocks. Schedules that release tokens to founders and early backers later. An **unlock** can add a lot of new supply on a known date.

Allocation. Who got the tokens at the start, and how much. Heavy concentration is a real consideration.

Demand decides if a token matters. Supply decides how that demand is shared out. A use case with no demand, or strong demand against endless new supply, can both disappoint.

The questions a token should answer

A token's own documentation, often called a whitepaper or docs, should let you answer a short list of plain questions. If it cannot, that absence is the finding.

ASK THIS	WHERE TO LOOK	WHAT IT TELLS YOU
What is it, in one sentence?	The opening of the docs or site.	<i>If it takes paragraphs to say what it is, that is a signal.</i>
Which chain is it on?	Contract address, network, explorer link.	<i>Tells you what it depends on and how to verify it.</i>
What is the supply, and the unlock schedule?	Tokenomics section, supply and vesting.	<i>Future supply can matter as much as current price.</i>
What is it actually used for?	Utility, product, demand drivers.	<i>Separates a working use from a hoped-for one.</i>
Who controls it?	Team, treasury, allocation, governance.	<i>Concentration and control shape who really decides.</i>

This is the same habit as reading a crypto ETF fact sheet. You are not looking for a verdict. You are checking whether the document answers the plain questions clearly.

The honest cautions

These are things to see clearly, not instructions to act on. Every one is a trade-off, not a verdict.

THE CAUTION	WHAT IT MEANS IN PRACTICE
Vague utility	<i>If you cannot say what the token is needed for, "utility" is a label, not a use.</i>
Hidden future supply	<i>A low circulating supply with large unlocks ahead can dilute holders on a known schedule.</i>
Heavy concentration	<i>If a few wallets hold most of the supply, a few decisions can move everything.</i>
Is it really a security?	<i>Some tokens may be treated as securities by regulators, which changes the rules. This is a legal determination, not a guide's call.</i>
The token is not the network	<i>A great technology does not guarantee its token captures the value. They are separate questions.</i>

WORTH REMEMBERING Whether a specific token is a security, and how it is treated in Canada, is a question for a qualified professional. This guide helps you read and understand. It does not classify your holdings or tell you what to do with them.

What to write down

If you hold tokens across several chains and apps, a short private record keeps it all legible later. As always, record where things live, never the secrets that control them.

RECORD THIS	NEVER RECORD THIS
Which tokens you hold, and on which chain.	<i>The seed phrase or private key.</i>
Where each one lives: which wallet or platform, and which account.	<i>Passwords or PINs stored with everything else.</i>
Anything unusual, such as locked, vesting, or wrapped tokens.	<i>Recovery words, anywhere digital or shared.</i>
Where you found the token's official documents, for later reference.	<i>Anything you would not want a stranger reading.</i>

THE BOUNDARY, REPEATED ON PURPOSE

Position Clarity never sees, requests, or stores any of this. A record of what you hold and where it lives is yours to keep and yours alone. Store recovery material by separate, established methods.

Educational only. This guide explains what tokens are and how to read them, and how to organize a private record of your own. It is not investment, financial, tax, or legal advice, and it does not tell you what to buy, sell, hold, or report. Whether a token is a security and how it is treated depends on the specifics and the law. For decisions about your own situation, consult qualified professionals. Position Clarity never asks for seed phrases, private keys, or passwords.