APTOS LABS

**Testimony of Avery Ching**
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Before the House Committee on Agriculture
American Innovation and the Future of Digital Assets: From Blueprint to a Functional Framework
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Chairman Thompson, Ranking Member Craig, distinguished Members of the Committee:

Thank you for the opportunity to appear before you today. My name is Avery Ching and I am the CEO and co-founder of Aptos Labs, the core development team that helped launch the Aptos blockchain. I hold a Ph.D. in high-performance computing and distributed systems and have spent my career scaling emerging technologies at large internet platforms like Yahoo, Facebook, and now Aptos.

In 2021, I co-founded Aptos Labs to advance the next era of the internet—starting with a global-scale, highly secure blockchain, capable of transforming payments, commerce, digital identity, and more. Aptos Labs was established and is headquartered in the U.S. and we're proud to contribute to American innovation and job creation.

**About Aptos**
Aptos is a high-performance, permissionless, proof-of-stake Layer 1 blockchain designed to support internet-scale applications and their billions of users. Layer 1 blockchains like Aptos are the base-layer infrastructure for all blockchain-based applications, and at their core, are decentralized networks. Like the internet, they allow anyone to build applications on top of them. Layer 1 blockchains are distinct from other networks in that they are decentralized, meaning there is no single entity recording transactions.

Blockchains and the decentralized applications built on top of them have digital assets or tokens associated with them. These tokens are necessary utilities for decentralized systems to operate.

**Token Utility on Aptos**
APT is the native token of the Aptos network and is essential to operate and access the blockchain, serving three core functions. First, the token is used to secure the network. Aptos uses a proof-of-stake consensus mechanism, meaning that in order to record transactions on the blockchain, validators are selected based on the amount of APT tokens they "stake" or lock up as collateral. This mechanism uses APT to help secure

the network by preventing attacks by malicious actors. It also allows small token holders to play a role in securing the network. The token is also used by the network to programmatically reward validators for truthfully recording transactions. Second, APT is central to the blockchain's governance and upgradeability. Token holders can propose and vote on improvements or changes to the blockchain itself. Third, APT is used to pay transaction fees. These fees, averaging fractions of a cent on Aptos, are required for submitting activity to the blockchain. Even though they are small, these fees serve as a protective measure against spam and denial-of-service attacks, ensuring the network remains secure and efficient.

**Notable Use Cases on Aptos**

Security, decentralization, and utility make blockchains like Aptos capable of supporting real-world applications at scale. Today, those applications are no longer theoretical. More than a thousand developers are building on Aptos and there are hundreds of projects currently delivering value across industries like finance, commerce, and entertainment.

Some of the world's largest regulated financial institutions, including BlackRock, Franklin Templeton, and Apollo have launched tokenized money-market and other types of regulated funds on Aptos. Deploying these funds onto Aptos increases transparency, enables real-time peer-to-peer transfers, and improves operational efficiency for issuers.

The PACT protocol is a blockchain-based platform for licensed lenders. The platform allows these lenders to originate and service loans on the blockchain, offering transparency and efficiency to lenders and borrowers alike. Over $1 billion in on-chain assets have been issued through PACT, with a major focus on emerging markets. Small business owners can access capital in days, not weeks—enabling them to buy equipment, open shops, or invest in clean energy.

The Aptos blockchain is also being leveraged to create new types of interactive and programmable experiences across entertainment, gaming, and commerce. Several projects on Aptos are using the blockchain to sell tokenized event tickets, removing costly ticketing intermediaries, lowering prices for fans, and giving them digital collectibles that commemorate their experiences. These digital ticket stubs can also be used for loyalty programs and deeper engagement between artists and their audiences. Aptos Labs recently announced a multi-year collaboration with NBCUniversal to reimagine fan engagement through blockchain-enabled real-world experiences, loyalty programs, rewards, and interactive games. This collaboration has the potential to transform how fans connect with their favorite content, using the Aptos network to power immersive programs and experiences that go far beyond traditional engagement.

Aptos also powers new ways for brands to connect physical products with blockchain-based digital records. JellyBean uses the Aptos blockchain to help brands provide more immersive experiences for fans, comply more easily with regulatory requirements, and increase consumer confidence by embedding physical objects with an immutable record of manufacturing details, supply chain information, and other authenticated product data.

The use cases we see on Aptos today are only the first step in a sweeping transformation. Just as the internet rewired everyday life, decentralized networks will form the core infrastructure of the coming digital economy—delivering systems that are transparent, interoperable, designed for innovation, and will redefine how we engage with the world around us.

**Potential Impact of Market Structure Legislation**

Tokens serve a vital role in every application built on a blockchain. For blockchain innovation to expand responsibly in the U.S., developers need clear regulatory guidance around token issuance and distributions. We're ready to help realize that mission, and we're grateful for the Committee's leadership in making it possible.

Market structure legislation and well-defined, consistent rules around token issuance and distribution will ensure that networks like Aptos can function as designed, U.S. builders can innovate while staying compliant and competitive, and regulators can enforce meaningful consumer protections.

The infrastructure is ready. Regulatory clarity will ensure U.S. leadership in the next era of the internet. We stand ready to work with the Committee in this regard.

I look forward to answering your questions.