SECTION 3 REVIEW: DIGITAL ASSETS AND TOKENIZATION

A Prison Professors Self-Directed Course

Estimated time: 60–90 minutes

Educational Boundary:

> *This review provides general education about technology, risk, and preparation. It does not provide individualized financial, investment, legal, or tax advice. It does not recommend any network, company, product, token, or digital asset. You do not need internet access, an account, a wallet, or a digital asset to complete this review.*

REVIEW PURPOSE

You have completed Lessons 9 through 11 of Understanding Web3. This review gives you a place to pause, strengthen your vocabulary, and connect the ideas of digital assets, stablecoins, tokenization, and non-fungible tokens before moving into the next section.

I encourage you to treat the review as part of the learning process rather than as a test of whether you remembered every sentence. Attempt each question first. When you find a gap, return to the lesson, study the relevant passage, and revise your response. That cycle can help you develop the habits of a self-directed learner.

THE REVIEW COVERS:

- The distinction among a blockchain network, its native asset, and tokens created through code on that network.
- How function, rights, control, liquidity, and risk should be evaluated instead of inferred from labels such as coin, utility, or stable.
- How different stablecoin structures depend on reserves, collateral, issuers, program rules, redemption, markets, and confidence.
- How tokenization and non-fungible tokens connect a blockchain record with metadata, an issuer, a referenced item or service, and rights that may depend on outside evidence.

HOW TO COMPLETE THE REVIEW

- Write your responses on separate paper or in an approved institutional messaging system.

» Number each response so that another person can follow your work.
» Complete the knowledge questions and vocabulary matching before reading the scenario.
» Explain your reasoning in your own words when a question asks why or asks you to compare alternatives.
» Use the printed lessons when you need to check a definition or reconsider an answer. You do not need the internet.
» Do not include passwords, private keys, seed phrases, authentication codes, account numbers, real wallet addresses, or other sensitive information.

The learner-facing review does not include answers. Correct responses, brief rationales, and sample responses will appear in the consolidated appendix after all lessons are complete.

PART 1: KNOWLEDGE QUESTIONS

MULTIPLE CHOICE

1. Under this course's teaching distinction, which statement best describes a token?
   a. A digital asset created and recorded through code on an existing blockchain platform
   b. The native asset built into every blockchain's base protocol
   c. Any points recorded in a conventional company database
   d. A digital asset whose usefulness and price are guaranteed
2. Which statement correctly classifies the principal digital assets in the Prison Professors community case study?
   a. PP is the native asset of BNB Smart Chain, and BNB is a token created by the PP contract.
   b. BNB is the native asset of BNB Smart Chain, while PP and WBNB are tokens that use the network.
   c. BNB, PP, and WBNB are three names for the same asset.
   d. WBNB is a stablecoin designed to maintain a value of one United States dollar.
3. Which statement best describes liquidity?
   a. A guarantee that an asset will keep or increase its market value
   b. The ability to exchange an asset without excessive delay or a large change in price

c. The legal ownership rights attached to every token
d. The amount of information stored in a token's metadata

4. Which question is most useful when evaluating a stablecoin described as reserve-backed?
   a. Does its name include the word dollar?
   b. Does one market screen show a price near the target value?
   c. What assets support it, who holds them, what evidence is available, and who can redeem under what rules?
   d. Does an advertisement call it safer than every alternative?
5. Which statement accurately distinguishes redemption from a market sale?
   a. Redemption follows the issuer's or system's stated exchange process, while a market sale depends on finding a buyer and available liquidity.
   b. Redemption and a market sale always produce the same result at the same price.
   c. Redemption is possible for every holder of every stablecoin without fees, delay, or limits.
   d. A market sale proves that the reserve contains the assets an issuer describes.
6. Which statement best describes the relationship between an NFT and an item or file it references?
   a. The token, referenced item, metadata, and legal rights are automatically the same thing.
   b. The NFT must contain the entire referenced file directly on the blockchain.
   c. The blockchain can record a distinguishable token, while metadata, storage, the referenced item, and governing rights may exist in separate layers.
   d. The NFT guarantees that the issuer had authority to create it.
7. Which question is most important when evaluating a tokenized certificate?
   a. Is the token image attractive?
   b. Who issued it, what does the blockchain record establish, what outside evidence supports the claim, and who recognizes it?
   c. Can the certificate be discussed on social media?
   d. Does the token have a displayed market price?

TRUE OR FALSE

» If a token has a real utility, that function guarantees market value, liquidity, legal compliance, and protection from fraud.

» A stablecoin may move away from its intended reference value when confidence, reserves, collateral, redemption, markets, or program rules fail to operate as expected.

SHORT EXPLANATION

» A promoter states, "Our token is stable because it is on a blockchain, and its tokenized certificate is automatically authentic and legally binding." In four to six sentences, explain why a careful learner should separate the token record from the stability mechanism, issuer authority, metadata and storage, referenced certificate, and governing rights. Identify at least two types of evidence or process needed to evaluate the claim.

PART 2: VOCABULARY MATCHING

Match each term with the definition that best fits it. Write the letter of the term beside the correct numbered definition. Use each letter once.

TERMS

a. Native asset
b. Token
c. Utility
d. Liquidity
e. Stablecoin
f. Reserve
g. Redemption
h. Depeg
i. Tokenization
j. Non-fungible token
k. Metadata
l. Authenticity

DEFINITIONS

1. Information that describes other data, such as a token's name, attributes, certificate details, or file location.

2. The ability to buy, sell, or exchange an asset without excessive delay or a large change in price.
3. The quality of being genuine and connected to the claimed source.
4. A digital asset built into a blockchain protocol and commonly used for functions such as paying network fees or supporting network security.
5. A digital token designed to maintain a value relative to a reference asset; the objective is not a guarantee.
6. The process of returning a stablecoin to an issuer or system in exchange for the referenced asset or another asset under stated rules.
7. A digital asset created and recorded through code on an existing blockchain platform rather than serving as that platform's native asset.
8. The process of using a digital token to represent an item, record, right, claim, or form of access.
9. A practical function or use that an asset is designed to support within a network, application, or service.
10. Assets held or managed to support a stablecoin's value and meet redemption requests.
11. A distinguishable blockchain token identified separately from other tokens, commonly by a smart-contract address and token identification number.
12. A movement of a stablecoin's market price away from its intended reference value.

PART 3: APPLIED SCENARIO — THE PATHWAY LEARNING SYSTEM

A group of education providers proposes a digital system for course payments, learner access, and completion records. The proposal contains three related components:

» Pathway Chain is described as the base blockchain network. Its native asset, PathCoin, is used for network transaction fees.

» StudyDollar is a fungible token created through a smart contract on Pathway Chain. The issuer says that one StudyDollar is designed to track one United States dollar. Its website says the reserve contains cash and short-term investments, but it provides no independent report, does not identify where the assets are held, and does not explain whether learners can redeem directly. Learners may be able to sell the token through a separate marketplace if buyers are available.

» CompletionPass #742 is a non-fungible token created by a contract that uses the name FutureSkills Institute. Its metadata lists a learner's name and

completion date and points to a certificate file stored on the institute's website. The proposal does not explain how the contract was connected to the institute, how the learner was connected to the receiving address, whether the metadata can change, what happens if the website closes, or whether an employer recognizes the certificate.

The promotional materials state: "Every StudyDollar is permanently worth one dollar because it is on a blockchain. CompletionPass proves the learner's identity, course completion, legal ownership, and copyright. Blockchain records are permanent, so no outside verification, storage plan, redemption process, or conventional database is necessary."

SCENARIO QUESTIONS

1. Classify PathCoin, StudyDollar, and CompletionPass #742. Identify which is the native asset, which is a fungible token described as a stablecoin, and which is a non-fungible token.
2. Identify StudyDollar's reference asset, claimed reserve, issuer role, and missing redemption information. What evidence would you request before accepting the stability claim?
3. Explain the difference between redeeming StudyDollar and selling it in a marketplace. How could limited liquidity or loss of confidence contribute to a depeg?
4. List at least two facts the blockchain record may establish about CompletionPass #742 and at least four claims that still require outside evidence, authority, storage, identity verification, agreement, or recognition.
5. Explain why control of CompletionPass #742 would not automatically establish ownership of the certificate file, copyright, the learner's identity, course completion, or employer acceptance. Include the roles of metadata and authenticity.
6. Compare the proposed tokenized system with an alternative that uses ordinary payments and a signed certificate stored in a conventional credential database. Identify one possible benefit and two limitations of each approach. Then recommend the next investigation step before the providers choose a design, and explain your reasoning.

COMPLETION CHECK

Before moving to Section 4, ask yourself whether you can:

- » Distinguish a blockchain network and its native asset from tokens created through smart contracts on that network.
- » Explain why a token's function or utility does not guarantee value, liquidity, rights, safety, or legal treatment.
- » Investigate a stablecoin by examining its reference asset, structure, reserves or collateral, issuer or program rules, redemption process, evidence, markets, and depeg risks.
- » Separate an NFT record from its metadata, referenced item or service, issuer authority, ownership claims, copyright, authenticity, storage, and recognition.
- » Compare a tokenized design with an ordinary database, signed document, membership account, or other simpler alternative.

If one statement remains difficult, return to the relevant lesson and write a brief explanation in your own words. That review is evidence that you are monitoring your understanding and directing your learning.

SUBMISSION REMINDER

You may submit your completed review as a dated Profile journal entry, subject to your facility's rules. Include your name or approved Profile identifier, Understanding Web3 — Section 3 Review, and the date you completed the work.

Use one of the established Prison Professors Profile methods:

- » Send it by institutional email to Playbook@PrisonProfessors.org. Suggested subject: Web3 Section 3 Review — [date completed].
- » Send it by postal mail to: Prison Professors, 1205 BMC Drive, Suite 706, Cedar Park, TX 78613.
- » Send it to an approved family member or supporter who can enter it in your Profile at PrisonProfessors.org.

Keep a copy when circumstances permit. Never include passwords, private keys, seed phrases, authentication codes, account numbers, real wallet addresses, or other sensitive credentials.