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Thomas Murray Digital Views

The Promise of Tokenisation

Securities laws that date back to the early 20th century may need to be updated to reflect growing interest in tokenised securities and other token representations of assets, an application of blockchain technology that – while in its infancy, with much infrastructure still to be built – is already promising a range of benefits over traditional securitisation routes.

Weekly Summary



The Bank for International Settlements (BIS) set out in its 49th Bulletin its vision for how to achieve [Interoperability Between Payment Systems Across Borders](#). To benefit from improved speed, transparency and cost, the BIS argues that domestic and foreign payment systems must be interoperable, such that banks and other payment service providers across different jurisdictions can conduct, clear, and settle payments without needing to connect to multiple systems. It argues this would reduce barriers to entry for new and existing infrastructures and invigorate competition, all the while encouraging international economic and financial integration.



China and Hong Kong have reportedly entered into the [Second Phase of Bank of China's Cross-Border Digital Yuan Trials](#). Banks and merchants in Hong Kong have been testing the use of China's Central Bank Digital Currency (CBDC). The second phase will attempt to link China's Digital Currency Electronic Payment system (DCEP) to Hong Kong's Faster Payment System (FPS), with the intention of permitting mainland Chinese tourists using the digital yuan to shop in Hong Kong. The currency exchange will be completed between two wallets, with local merchants receiving Hong Kong Dollars.



Earlier this week, HSBC and Wells Fargo completed the [First Interbank PvP Settlement Finality with DLT](#). Using Baton Systems' proprietary technology, both banks were able to settle FX trades bilaterally in less than three minutes, bypassing Continuous Linked Settlement (CLS), the international payment system typically used to settle cross-border FX transactions. With the technology, participants are reportedly able to directly control their settlement cycles, settle multiple times a day, and streamline workflows to improve liquidity, funding, risk and credit management.



On Monday, it was announced that [Crypto Giant Binance is to Shut Down its Singapore Trading Platform](#). The firm has withdrawn its application for a license to operate as a cryptocurrency exchange and will also shutter its trading activity in the country by February 13. It had been operating under a temporary exemption under the licensing arrangements overseen by the Monetary Authority of Singapore (MAS). Singapore was expected to become the official headquarters of the cryptocurrency group, given its crypto-friendly stance. The firm has reportedly identified another location for its headquarters which it will announce in time.



A recent study undertaken by [G+D](#) and the [Official Monetary Financial Institutions Forum \(OMFIF\)](#) suggests that emerging market consumers are more willing and likely to use CBDCs compared to Western counterparts, as shown in the joint research paper entitled [Consumer Attitudes to CBDC: Considerations for Policy-makers](#). As part of the study, consumers in four countries including Germany, Indonesia, Nigeria, and the US were surveyed for their attitudes to new digital forms of payments.

Overwhelmingly, those from emerging markets such as Nigeria – where traditional systems are less developed – were far more likely to be in favour of implementing digital monetary systems (91%), while just 14% of the population sampled in Germany were in favour of using a digital national currency. This suggests that Central Banks will need to do more to improve public attitudes towards CBDCs in developed markets, or risk being technologically overtaken by less developed economies.

Digital Asset Developments

	International Monetary Fund (IMF) Issues Paper on E-money: Prudential Supervision, Oversight and User Protection (IMF)
	Benoît Cœuré, Chief of BIS Expects Regulators to Agree a Crypto Framework in 2022 (Finextra)
	Derivatives Trade Association ISDA to Develop Common Standards for Crypto Assets (ISDA)
	Bank of Canada Argues Monetary Sovereignty Rationale for CBDCs (Bank of Canada)
	Tokenise to Launch Regulated Stock Exchange for Security Tokens (Tokenise)
	SBI Holdings Invests in Singapore Crypto Exchange, Coinhako (Cointelegraph)
	German Banking Group Sparkasse Expects to Introduce Crypto Solution in 2022 (Nasdaq)
	BBVA Switzerland Adds Ether (ETH) to Crypto Custody and Trading Service (BBVA)
	ISSA Issues Report on Blueprint for CBDCs in Post Trade Settlement (ISSA)
	Ukraine's Oldest Commercial Bank Launches Pilot to Issue Electronic Hryvnia on Stellar (Stella.org)
	Kazakhstan Set to Test National Digital Currency (Inform)
	The Banque de France has Successfully Completed the First Tranche of its Experimentation Programme in Central Bank Digital Currency (Banque de France)
	SEBA Bank Offers Token for Digital Ownership of Gold (Coindesk)
	34% of UK Finance Businesses Now Making Crypto Payments (Finextra)
	Digital Asset Custodian NYDIG Raises \$1 Billion at \$7 Billion Valuation (Finextra)
	Digital Asset Custodian Anchorage Raises \$350 Million in New Funding From KKR, Goldman Sachs, and Others (The Block)

Key: Regulation  Technology  Ecosystem  Markets 

Wishing you a Merry Christmas and a Happy New Year!

From Thomas Murray Digital