GDF Tokenization Forum

Community Highlights – Session 4

Tuesday 17 September 2024

GDF Tokenization Forum

Hybrid Event in New York City | Tuesday 17 September 2024

SPEAKERS

Emmanuel Aidoo
Ownera

Fabian Astic
Moody's Investor Service

Renée Berman
DTCC

Daniel DeWolf
Mintz

Maredith Hannon
WisdomTree

Justin Hayer
SEI

Milena Kohlhofer
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Lawrence Wintermeyer
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The Compliant Tokenization Platform

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DIGITAL ASSETS WEEK

Host Opening Remarks

Daniel DeWolf
Mintz

Fireside Chat Takeaways

Speaker

Renée Berman
DTCC

Moderator

Milena Kohlhofer
Ownera

Berman spoke about overcoming the main challenges to scaling tokenization markets, namely the need for more collaboration, standards, and regulatory certainty. Substantively, industry initiatives like DTCC's Digital Sandbox (to facilitate collaboration and experimentation), the Risk and Control Framework (to provide risk analysis and mitigation guidelines)

Scaling RWA Tokenization & Overcoming Challenges

- **Challenges in Scaling Tokenization Markets** – (i) Collaboration: Much of the current work is done in silos with little interoperability between different blockchains. (ii) Lack of Standards: Industry-wide standards is also critical to enable tokenized assets to scale. (iii) Regulatory Uncertainty: Especially in the US, the lack of regulatory clarity poses a significant challenge for further adoption.

- **Interoperability as a Key to Success -** Interoperability between financial institutions is vital. Many are working in isolation on different blockchains, which hinders overall market growth. The ongoing Fixed Protocol Project was highlighted as being aimed at enabling the buy-side to connect to the digital assets ecosystem through their existing systems without needing to access blockchains directly.

- **Industry Initiatives –** (i) DTCC's Digital Sandbox is aimed at fostering collaboration, experimentation, and innovation with clients and partners. The sandbox allows both DTCC and external participants to develop and test new tokenization solutions. (ii) DTCC, alongside Euroclear and Clearstream, worked on a Risk and Control Framework specific to digital asset securities. This framework provides clear guidelines for institutions to address the risks associated with digital assets, helping them gain trust from clients, internal teams, and regulators. It serves as a blueprint for creating industry standards and has already gained significant traction.

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Panel Discussion

Speakers

Justin Hayer
SEI

Maredith Hannon
WisdomTree

Fabian Astic
Moody's Ratings

Moderator

Breige Tinnelly
Archax

The speakers shared insights into significant signals they have observed that could help drive scale adoption in the market. These include a growing curiosity and understanding that indicates a **readiness for adoption**, **regulatory progress**, increasing **recognition of the transformative potential of blockchain**, and **progress in DLT and tokenization**.

To address current challenges, the speakers agreed that there is a need to bridge the educational gap, build trust, facilitate a smooth technological transition, manage risk robustly, foster interoperability, and encourage tokenization through emphasizing its utility and practical benefits.

Addressing Challenges & Solutions — *Summary*

Overall, the consensus was that education is foundational, followed by addressing regulatory clarity, and then focusing on technology to enhance interoperability and usability. Looking ahead, the focus should be on the following:

- **Clarifying Existing Laws**: Adjust regulations to better accommodate digital assets without overhauling current laws significantly.
- **Encouraging Tokenization**: Create frameworks that allow tokenized versions of traditional assets to operate alongside existing structures.
- **Fostering Interoperability**: Support initiatives that enhance the ability of different blockchain networks to communicate and work together.

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Closing Keynote

Emmanuel Aidoo
Ownera

The GDF Tokenization Forum is a bi-monthly meeting, open to GDF members and partners, as well as the broader digital finance community, led and supported by GDF AC Members Ownera and Archax.

It will convene industry experts to discuss key areas and insights into the tokenization of RWA and evolving tokenization strategies, across different asset classes in financial services.

For more information on the GDF Tokenization Forum, please reach out to Madeleine Boys at madeleine@gdf.io

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