



The future of custody.

GMEX

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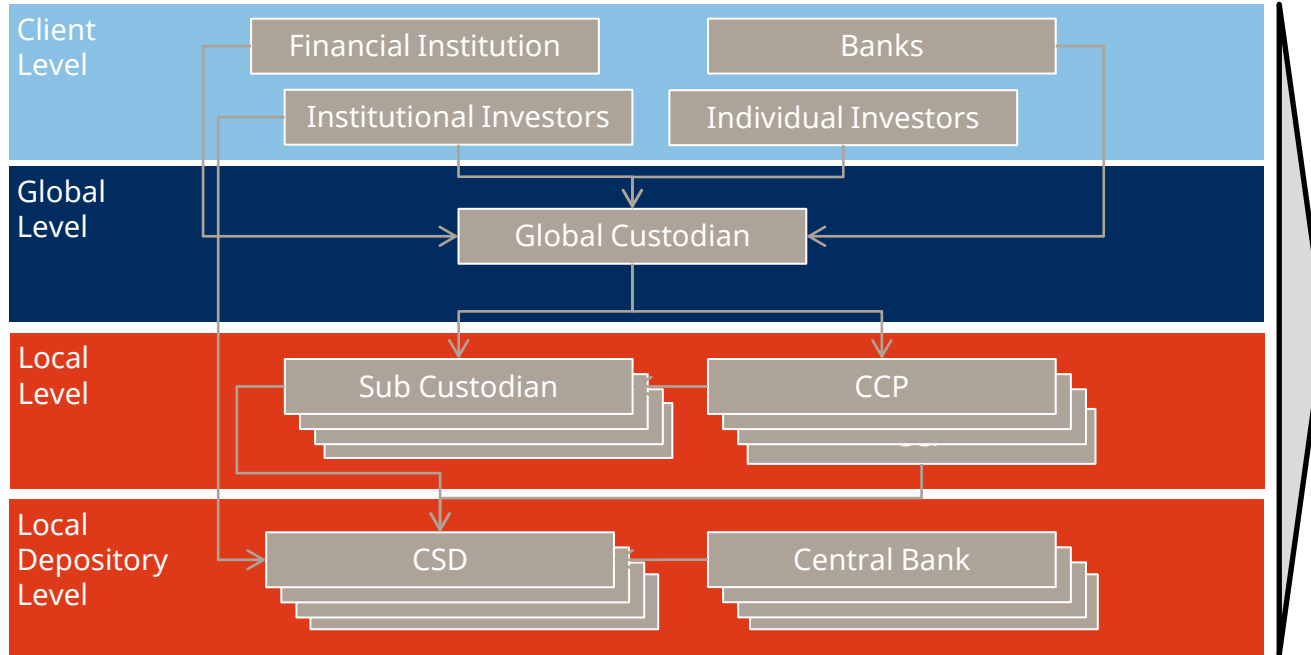
Head Product Management & Development

Securities & Exchanges

What makes custody work?

Simplified model

Current Post-Trade Linkage Model



A global custodian establishes links to national markets by using local in country sub-custodians

Main Services are

- Safekeeping & Settlement
- Notifications and processing of corporate actions
- Collection of interest, dividends and principal repayments
- Cash management
- Reporting services
- Compliance monitoring
- Access to sub-custodians & clearing houses
- CSD single source of truth
- CSD sole issuing entity

The Digital Asset world today

- Currently 1'800 digital or crypto currencies in the world, traded on 185 “exchanges” (more accurately “brokers”) globally.
- Exchanges are for the most part completely **unregulated**
- Each digital exchange has **different protocols** for establishing an account and trades different crypto currencies
- The link to “**real**” money is more than **tenuous**
- Exchange operators can hide **behind opaque structures** with no accountability
- Fees are very high, up to 400 basis points per transaction
- Portfolio and Tax Reporting are non-existent
- An asset “holding” is defined by an encryption key which, if lost, loses the entitlement and the ability to sell the asset completely
- Most markets have a lack of real liquidity, i.e. the ability to convert the digital currency back into real money

Traditional vs. Digital

Traditional

Digital

Assets

- Dematerialized shares, bonds, mortgages
- Precious metals
- ...

- Traditional assets tokenised
- Non-tradeable assets tokenised
- Asset-backed crypto & coin issues

Regulation

- High transparency
- Clear accountability
- Complex regulation
- High compliance & oversight

- Low transparency
- Low accountability
- Low regulation
- Low compliance & oversight

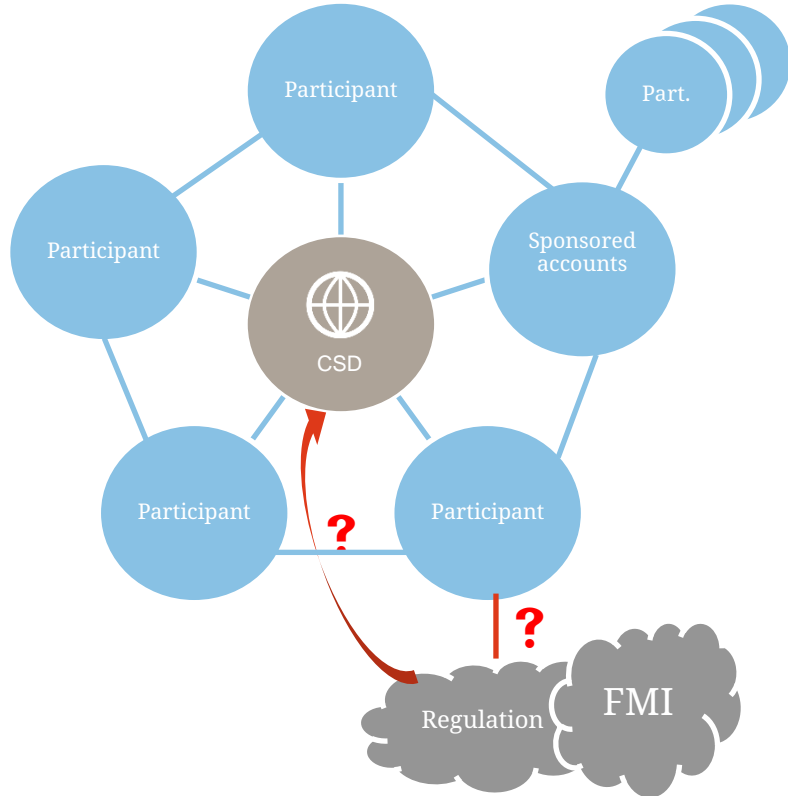
Technology

- Rising costs of running and maintaining end-of-life systems
- Need to maintain high-scale performance and efficiencies
- Need to maintain stability and reliability

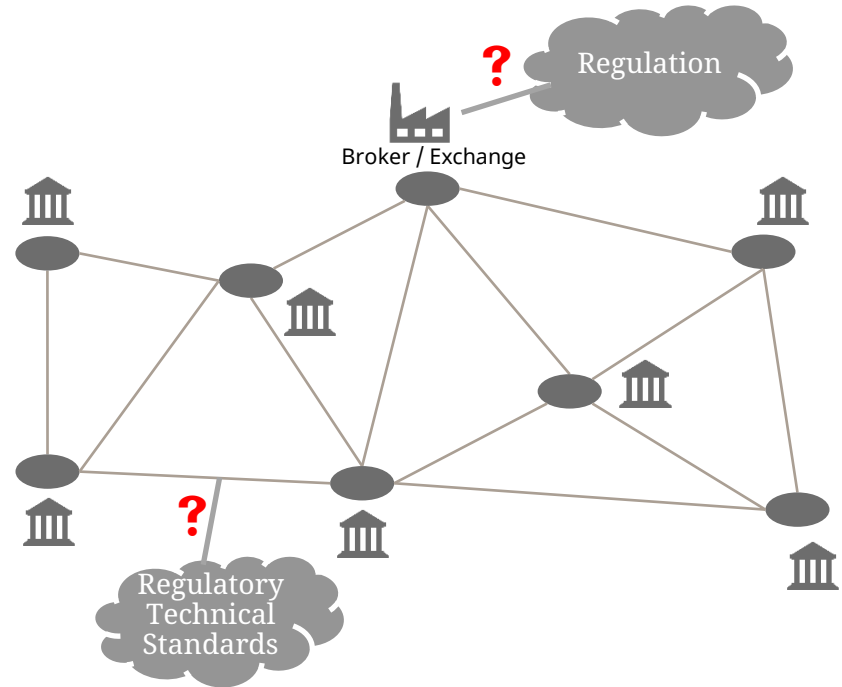
- Costs of developing DLT systems dropping
- Scale could potentially be a challenge
- Need to maintain stability and reliability

Custody tomorrow

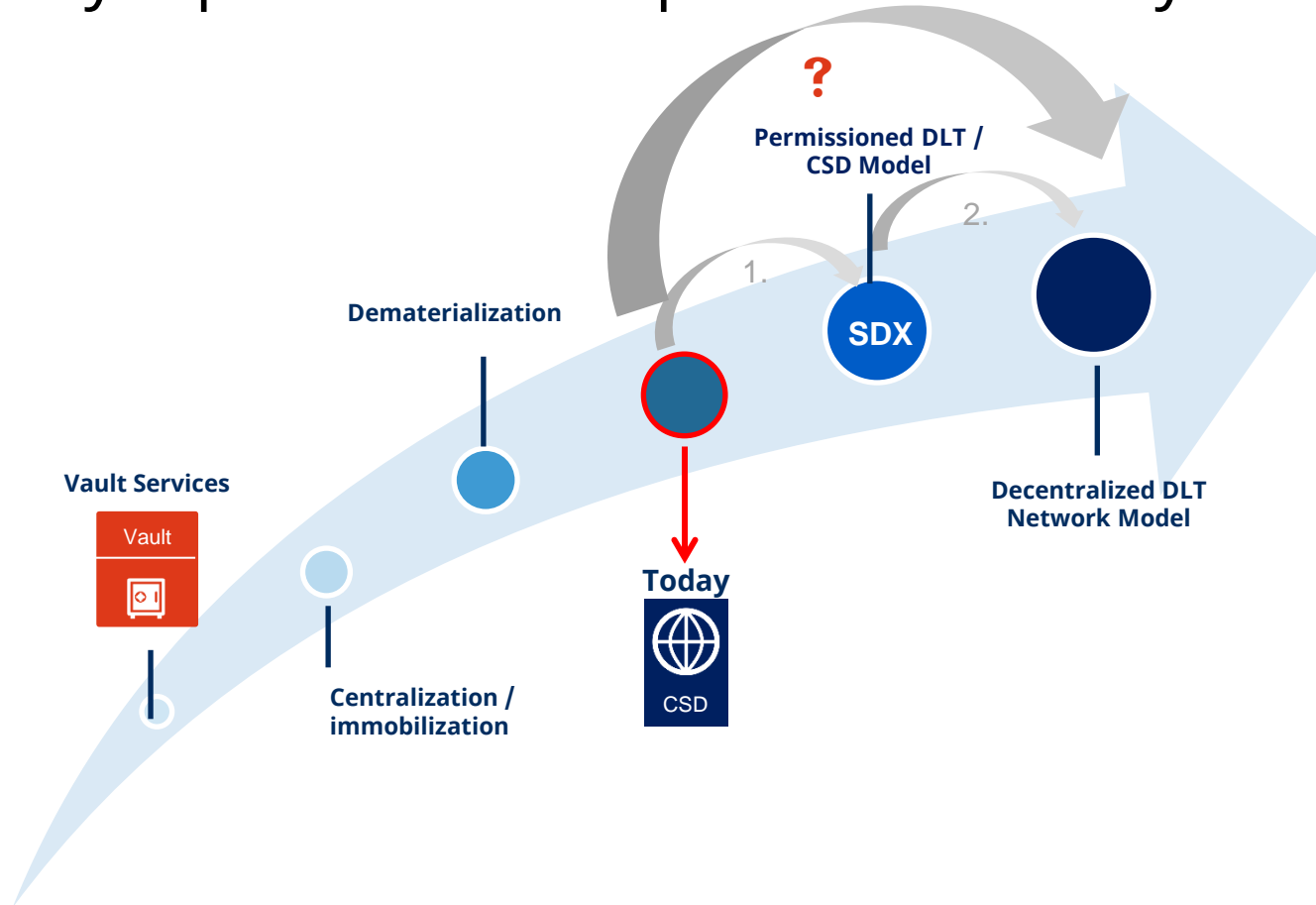
1 Permitted DLT / CSD Model



2 Decentralised DLT Network Model



The history & possible development of Custody



Safe, secure, stable, transparent and accountable custody

- The first regulated and credible market infrastructure to provide a fully integrated trading, settlement and custody capability for digital assets on the base of DLT technology.
- Safe environment for issuing and trading digital assets.
- Enable the tokenization of existing securities and non-bankable assets to make previously untradeable assets tradeable
- A bridge for our clients from the existing to the new world.
- Flexible timeline for clients to decide for themselves when to move.
- Secure, stable reliable – trustworthy
- From a recognized and regulated provider.



Thank you for your attention.

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