



Pioneering financial markets

A compliant platform to issue tokenized green securities

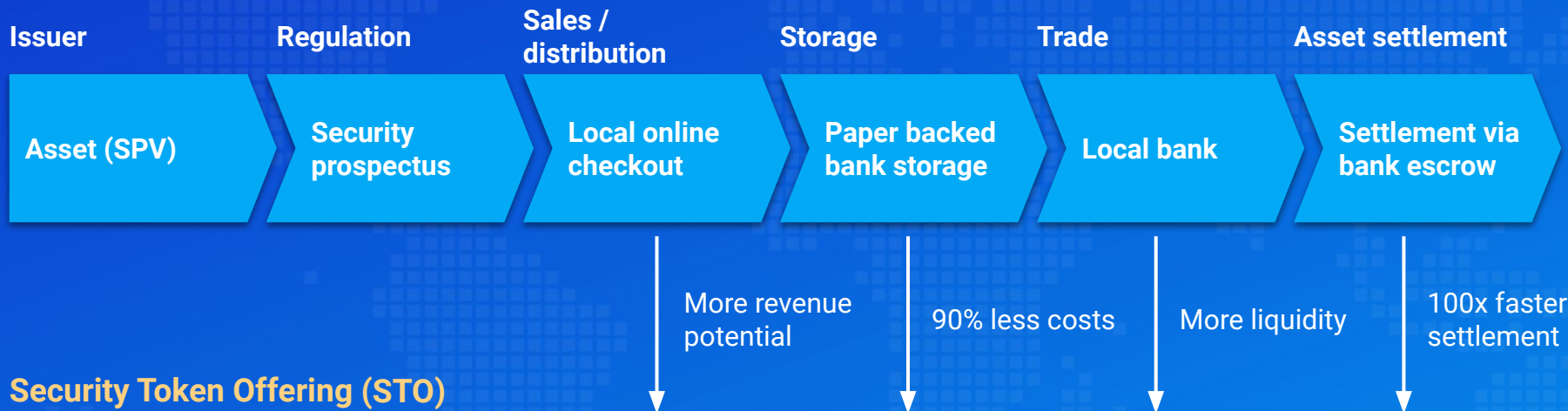
Luxembourg, November 2019

Featured on

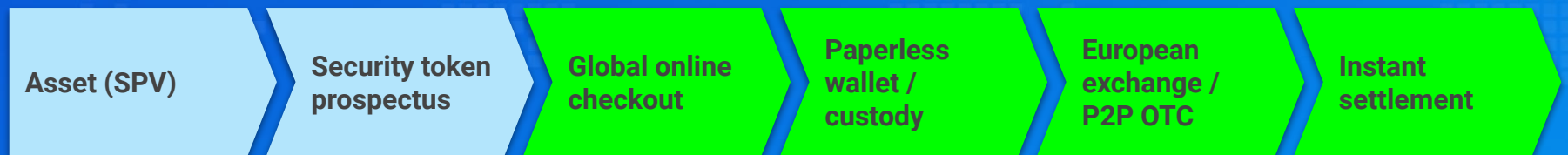
Forbes | **Handelsblatt** | **Frankfurter Allgemeine** | **Bloomberg**

Issuers and intermediaries gain from STOs

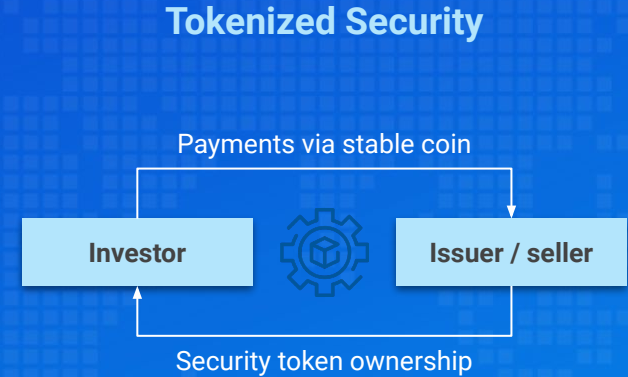
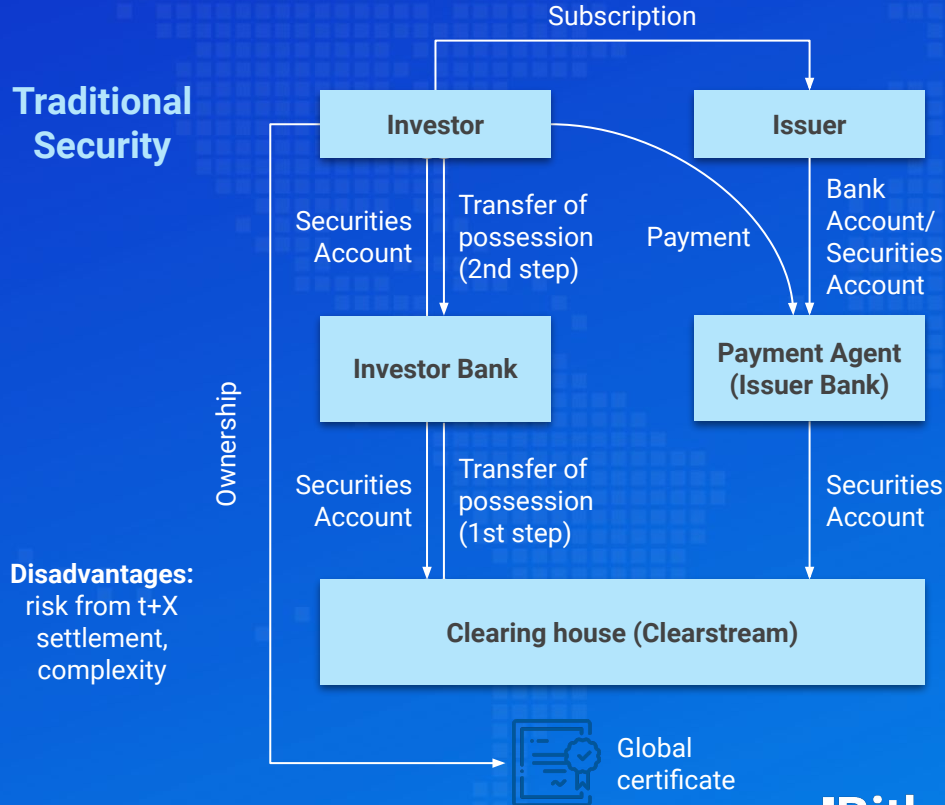
Traditional Security



Security Token Offering (STO)



Settlement efficiency through tokenization



Advantages:
immediate DvP (delivery for payment at t+0) with no settlement risk, lower complexity and cost, no central securities depository (CSD) required

Blockchain based tokens are radically fungible



- *Public and **permissionless** distributed ledger*
- *Third-party **independent**, global and instant settlement*
- ***Low fees***



Issuers, intermediaries and funds benefit



Debt issuers

*Unlock debt capital markets
for a broader range of
companies / governments*

*Lower cost of financing
Innovative financial product*



Intermediaries

*Banks: reduce costs and
complexity of security
issuance for clients*

*Real estate and investment
platforms: liquid
investments with no
settlement risk*

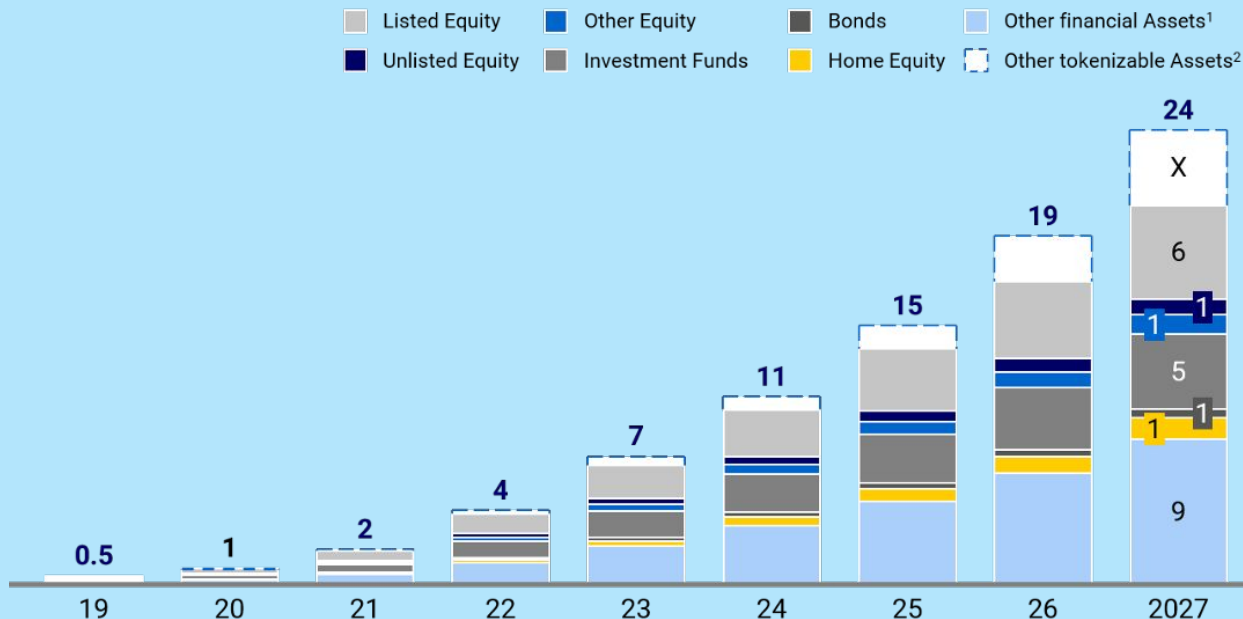


Fund managers

*Make illiquid assets liquid
Reduce cost and complexity
by issuing a security vs. AIF
Offer superior transferability
and cost to investors*

Assets worth USD 24 trillion can be tokenized

Projected Tokenized Market Volume until 2027 in USD Trillion



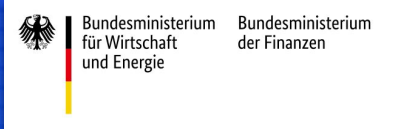
Short-term:

1. Tokenization of standardized products such as equity or bonds
2. Tokenization of smaller and more illiquid and non-fungible assets

Medium- to long-term:

1. Tokenization of additional range of ownership or usage rights
2. Tokenization of 10% of global GDP by 2027

German supervisors enable tokenization



The German Federal Government published its **Blockchain strategy** in September 2019

Focus: the application of blockchain in the **financial sector**

- Objective 1: "[...] **open up German law to electronic securities.**"
- Objective 2: "[...] propose a bill regulating **public offering of certain crypto tokens.**"
- Objective 2: "[...] create legal certainty for **trading platforms and crypto custodians.**"

https://www.bmwi.de/Redaktion/DE/Publikationen/Digitale-Welt/blockchain-strategie.pdf?__blob=publicationFile&v=16

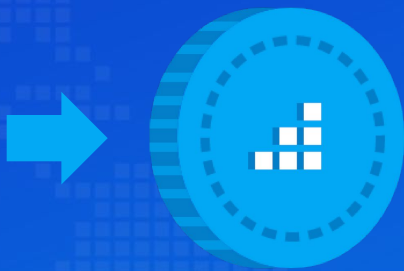
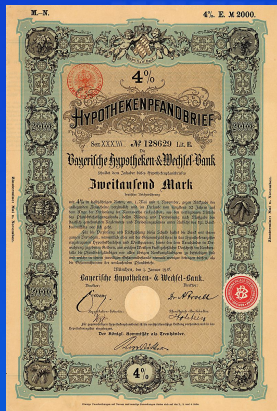


German regulator BaFin announced that **crypto custody services** are to be **included in the German Banking Act**, resulting in new requirements for custodians of digital assets

- Crypto custody services are to be carried out through a designated **legal entity** reserved for this business purpose only
- Starting Jan 1st, 2020, crypto custodians require a respective **crypto custody license**
- Crypto custodians active in 2019 benefit from a grandfathering rule, allowing them to submit an application by Jun 30th, 2020

https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze/Gesetzesvorhaben/Abteilungen/Abteilung_VII/19_Legislaturperiode/2019-05-24-Gesetz-4-EU-Geldwaescherichtlinie/2-Regierungsentwurf.pdf

Bitbond reinvented bonds



- Bitbond successfully conducted Germany's first Security Token Offering (STO) of its tokenized bond – the BB1 token
- The securities prospectus was approved by BaFin in January 2019, the token received an **ISIN: DE000A2TR7Q2**
- The BB1 token de-materializes securities, the proof of ownership in the bond happens via a digital token instead of a paper certificate
- Except for payments, Bitbond didn't involve any other intermediaries in the issuance, making the process less complex and more efficient than for conventional securities
- Since the structure is a public offering of a security in compliance with EU prospectus regulation, there are no limitations to number of investors, funds raised and investment per investor including retail

[Link to DE prospectus](#)

[Link to EN translation of prospectus](#)

Organizations already issuing STOs

Issuer	 Bitbond STO	 FRANKLIN TEMPLETON INVESTMENTS	 Santander	 SOCIETE GENERALE	 Continental SIEMENS	 THE WORLD BANK
Security type	Bond	Money market fund	Bond	Covered bond	Commercial paper	Bond
Volume	EUR 2.2m	TBD	USD 20m	EUR 100m	EUR 0.1m	AUD 110m
Maturity	10 years	open	1 year	5 years + 1 year extension	3 days	2 years
Protocol used	Stellar	Stellar	Ethereum	Ethereum	Private blockchain	Ethereum-based private blockchain
Transaction date	March 2019	September 2019	September 2019	April 2019	January 2019	August 2018

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