

WORKING PAPER PRESENTATION

Using Distributed Ledger Technologies to Disintermediate International Bond Markets - The Good, the Bad and the Ugly

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ABSTRACT

International bond markets have long been structured under an intermediated holding structure where the final investor, despite bearing the economic burden of the investment, does not effectively hold the bonds. Instead, he holds merely an interest in the bonds which, under English law - frequently the law governing international bonds issues - is an equitable interest. As a result, final investors may find it challenging to exercise their rights, including the right to demand payment, to claim against the issuer or to vote. The issue is so pressing that the Law Commission in England and Wales recently published a scoping paper analysing the law applying to intermediated securities, dissecting the related concerns of industry players and identifying potential solutions to these concerns. In particular, the scoping paper examines the role distributed ledger technologies (DLTs) may play in improving the position of investors in intermediated securities.

With this paper I contribute to the discussion by focusing on bond markets, looking beyond the position of the investor and raising awareness of the benefits of intermediation for the financial system as a whole. In addition, I shed some light on the limitations of the use of DLTs to address the risks intermediation imposes on final investors. My ultimate aim is to prompt the industry, academia and decision-makers to rethink about whether or not it is desirable that international bond markets shift to a direct holding structure.

ABOUT THE SPEAKER



Catarina is a Research Associate at the Centre for Banking & Finance Law of the National University of Singapore. Prior to joining the Centre, in 2020, Catarina was awarded an LLM degree with specialisation in Commercial Law by the University of Cambridge, from which she graduated with first class honours. She also holds an LLB awarded by the Catholic University of Portugal, after completing their undergraduate program in law in the 5th position in 2015. Between 2015 and 2020, Catarina practised as a legal counsel in the Finance & Governance department of the Portuguese law firm Servulo & Associados, where she currently holds the position of Consultant. She has extensive experience in advising both financial institutions and companies in national and cross-border financial and M&A transactions. As a legal practitioner, she also generated policy recommendations, drafted financial legislation and regulation for distinct jurisdictions, and was seconded to the legal department of investment banks. Her main area of interest is financial law, with a particular focus on debt issuance in the capital markets, structured finance, syndicated lending and transfer of loans.

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