

WORKING PAPER PRESENTATION

“Issue securities on the blockchain...”, you hear them saying How Distributed Ledger Technologies can reduce financing costs for companies and why tailored regulation is essential to enable it

Thursday, 10 March 2022 | 4.00pm–5.30pm (SGT) via Zoom

SPEAKERS



Catarina Saramago
Research Associate
CBFL



Thomas Nägele
Managing Partner
NÄGELE Attorneys at Law LLC



Bernhard Thalhammer
CEO
89Ventures AG

ABSTRACT

One advantage of security token offerings (STOs) that is of utmost importance and frequently recognised is the reduction of the costs incurred by companies resorting to STOs as an alternative source of finance. The security tokens issued are governed by securities laws in most jurisdictions and, in their efforts to regulate the STO markets, regulators tend to adopt a technologically neutral approach. Such an approach is based on the idea that regulation must neither create obstacles nor promote the adoption of certain technologies. Some commentators have been raising objections to this approach. In this article, we start by verifying the accuracy of the claim that the costs incurred by companies in the process of issuing security tokens are lower than those incurred when securities are issued conventionally. In our analysis, we identify a specific nature of costs – one that is frequently forgotten – that benefits from substantial savings: administrative costs. We conclude that such an advantage can benefit the companies by allowing for more affordable fundraising which, ultimately, will have a positive impact on the economy as a whole.

We, then argue that this advantage (and others, if they are verifiable) may only materialise if efficient regulation that rejects a technological neutral approach and addresses the specificities of the technologies underlying STOs, is adopted. Our argument is based on theories for financial regulation, the experience with Initial Coin Offerings (that failed exactly due to the lack of regulation) and the idea of regulation as a weapon against operational risk. We finish by identifying token-specific concerns that must be taken into consideration in regulatory efforts and that do not have a parallel relevance when securities are issued on conventional platforms. We conclude that the example of the regulatory efforts made in Lichtenstein evidence how a regulatory approach similar to the one we propose can work and bring great benefits to the market and the national economy.

This event is by invitation only. For enquiries, please email cbfl@nus.edu.sg.

ABOUT THE CENTRE FOR BANKING & FINANCE LAW

The Centre for Banking & Finance Law (CBFL) at the Faculty of Law, National University of Singapore, seeks to generate scholarship and promote thinking about the vibrancy, robustness and soundness of the banking sector, capital markets and other financial services. Through the research our scholars undertake and the events we organise, we seek to create and share knowledge, to engage stakeholders in an exchange of ideas, and to enhance the appreciation of legal and regulatory issues. We aim to bring greater theoretical and analytical clarity to these issues, to examine their policy impact, and to be a catalyst for ideas on how to improve banking and financial systems at the national, regional and global levels. Visit our website at <https://law.nus.edu.sg/cbfl/>.

WORKING PAPER PRESENTATION

“Issue securities on the blockchain...”, you hear them saying How Distributed Ledger Technologies can reduce financing costs for companies and why tailored regulation is essential to enable it

Thursday, 10 March 2022 | 4.00pm–5.30pm (SGT) via Zoom

ABOUT THE SPEAKERS



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.



Thomas Nägele advises international finance, technology and industrial enterprises, operating in the fields of Blockchain/DLT, telecommunications and internet, as well as public institutions. As a Liechtenstein Attorney and being a software developer, he focusses on Internet/IT law, as well as civil and corporate law. Besides being Attorney and legal Advisor, he teaches at the University of Liechtenstein and gives lectures and presentations on the newest legal development. Thomas Nägele was also a member of the government workgroup drafting the Liechtenstein TVTG (Trusted Technology Law; aka Blockchain Act).



Bernhard studied international business administration in Vienna and Otaru (Japan). He worked for several business angels and institutional VCs and spearheaded the M&A agenda for one of the largest media companies in Austria for several years. He successfully co-founded two businesses before joining a marketplace for traditional and tokenized financial products in 2019 as head of issuer relations. At the intersection of operations, marketing and legal / compliance, he was responsible for the listing of security token offerings on the company's primary marketplace. Moreover, Bernhard successfully completed the certificate program in Blockchain & FinTech at the University of Liechtenstein where he also acts as an external lecturer in the master's program Entrepreneurship and Management. Recently, Bernhard founded his own boutique advisory 89Ventures which focuses on the structuring of Security Token Offerings.

This event is by invitation only. For enquiries, please email cbfl@nus.edu.sg.

ABOUT THE CENTRE FOR BANKING & FINANCE LAW

The Centre for Banking & Finance Law (CBFL) at the Faculty of Law, National University of Singapore, seeks to generate scholarship and promote thinking about the vibrancy, robustness and soundness of the banking sector, capital markets and other financial services. Through the research our scholars undertake and the events we organise, we seek to create and share knowledge, to engage stakeholders in an exchange of ideas, and to enhance the appreciation of legal and regulatory issues. We aim to bring greater theoretical and analytical clarity to these issues, to examine their policy impact, and to be a catalyst for ideas on how to improve banking and financial systems at the national, regional and global levels. Visit our website at <https://law.nus.edu.sg/cbfl/>.