

## Massive Developments for Regulatory Clarity; A First for Tokenization in the EU; The Future is Bright for Investments in Blockchain Solutions; Our Proprietary Research Report on the Securrency Platform

RedBlock Newsletter #11- Week Ending September 20th

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This week, regulatory bodies the world over brought us good news when it comes to regulatory clarity. Ethereum is getting closer to evolving into a more secure, scalable version of itself and the EU just witnessed its first tokenization of a public limited company, courtesy of German FinTech company Agora Innovation. And blockchain solutions have a substantial forecasted growth in investments while whiskey may very well prove to be a solid, appreciative tokenized asset for investors. This is the news we're covering this week, and for this week's issuance platform research report, we are providing you insight into US-based company Securrency, which you can find [here](#), along with more market and digital securities insights and analyses, on our site.

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### Regulatory News

#### *1. A Consensus on Regulation in the US*

This week, bank regulators in 49 states, as well as in Washington D.C. and Puerto Rico, drastically simplified the regulatory process by agreeing on a single set of rules and standards for FinTech and Crypto firm licensing across those states. "State-licensed money transmitters like Coinbase [can now] work across multiple states, instead of going through the time and expense of

getting regulated in each and every one". This will have a huge effect on money service businesses (MSBs), including giants like Western Union and PayPal, "that move a reported \$1 trillion annually". (coindesk)(Reuters)

## *2. A Call for Setting Standards for Stablecoins in the Eurozone*

Finance ministers from Germany, France, Italy, Spain and the Netherlands have urged the EU Commission to regulate stablecoins. That is to say, this is part of a belief by those ministers and their governments that "private stablecoin providers [need] to adhere to European regulation and should not be allowed to operate in the bloc if they fall below a certain standard". This, to avoid other digital currencies challenging the Euro. (coindesk)

## *3. The Nigerian SEC Makes A Definitive Decision on Tokens and Cryptocurrencies*

Regulatory oversight makes itself present in the use of tokens and coins in the Nigerian economy, as its Securities and Exchange Commission defined them as securities, definitively. This comes as Nigerian citizens are showing massive interest in cryptocurrencies. In fact, "according to Google Trends, the country consistently ranks first worldwide in online searches for 'Bitcoin'". Nigeria, along with South Africa and Ghana, account for \$316 million in monthly crypto transfers. Of course, this amount will only grow, as regulatory clarity was just handed down by the Nigerian SEC, and because Nigeria leads, if only in a quantitative sense, in the use of crypto, other countries on the African continent are likely to follow. (Cointelegraph)

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## **Industry News**

### *1. A Step Closer to Ethereum 2.0*

One of the big problems plaguing Ethereum is the issue of block space, which causes fees to skyrocket. Which is why it is welcome news that Ethereum 2.0, which boasts sharding, "a method of splitting data into multiple fragments, or shards, with the result of lessening the load on the network", has moved closer to launch this week with its first phase, called "Phase 0", being formally submitted for approval. While it will be the Phase 1 rollout, not Phase 0, that will bring sharding to Ethereum users, Phase 0 will bring with it a new proof-of-stake chain, validating and thus making for more secure transactions

on the Ethereum network. Phase 1 is, however, slated for a release this year as well. (Decrypt)

## *2. Inroads Being Made on Tokenization of Company Shares in the European Union*

In a first for the European Economic Area, registered shares of a public limited company will be tokenized. German FinTech company Agora Innovation is using its iVE.ONE platform to tokenize shares of WeStyle AG, a company which provides workspaces for those in the beauty industry. The big win here for WeStyle is the extension of “the existing Ethereum ERC-20 standard with voting functionality and [its link] to... regulatory infrastructure to comply with the legal framework”, allowing shareholder resolutions and compliance/regulatory processes to be streamlined, enabling faster company growth. (The Tokenizer)

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## **Investment and Financing Developments**

### *1. The Sky's the Limit for the Growth of Blockchain Solutions*

As mounting adoption of the blockchain sees more and more weight thrown behind the fintech solution- such as companies like Blockchange and Gemini providing a [platform for RIAs](#) to utilize digital assets, citing better returns and less risk, or famous properties such as the [St. Regis Aspen](#) becoming available for tokenized ownership- it's also important to look forward to just how much more the industry will grow. According to a report by the International Data Corporation Worldwide Blockchain Spending Guide, “blockchain spending will continue to grow at a robust pace throughout the forecast period with a five-year compound annual growth rate (CAGR) of 46.4%, reaching a total of nearly \$17.9 billion in 2024.”

This report also tells us that multiple blockchain use cases will see a substantial increase in investment, the most substantial of which will be “cross-border payments & settlements; lot lineage/provenance; and trade finance & post-trade/transaction settlements.” The distinction of having the fastest growth will go to asset/goods management and trade finance & post-trade/transaction settlements. Read the full story (linked in the references section at the end) on Yahoo! Finance as it gives a great quantitative summary

of what we can expect in terms of the future of investing in the blockchain. (Yahoo! Finance)

## *2. Whiskey (yes, Whiskey) A Target for Tokenized Securities*

Wave Financial, an investment management firm, is taking advantage of a not oft-cited but rather appreciative asset- whiskey. The firm plans to tokenize the security, which is 1,000 barrels of Kentucky whiskey, to allow “investors [to] gain exposure to, and benefit from, price appreciation of that asset.” The firm purchased the barrels after a first successful round of fundraising, and plans to continue on this path of whiskey-based securities, eventually tokenizing ten to twenty-thousand barrels. (NASDAQ)

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## Investment and Financing Progress

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