SMARTER MARKETS

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Re-engineering Tokenization | Episode 9
Leah Wald, Digital Title Lead, Abaxx Technologies

This week on *Re-engineering Tokenization*, we welcome Leah Wald, Digital Title Lead at Abaxx Technologies, into the SmarterMarkets™ studio. David Greely sits down with Leah to discuss her experiences and insights from a career working at the intersection of DeFi and traditional finance – and how she's working with Abaxx to re-engineer tokenization through the introduction of Abaxx Private Digital Title.

Leah Wald (00s):
The elegance of digital title also is crucial to understand. It just needs to do one thing, establish who owns what with cryptographic proof and legal enforceability. Everything else, the speed, the programmability, the instant collateral mobilization, that flows from that foundation. But it's an elegant solution.

Announcer (21s):
Welcome to SmarterMarkets, a weekly podcast featuring the icons and entrepreneurs of technology, commodities, and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together we examine the questions: are we facing a crisis of information or a crisis of trust, and will building Smarter Markets be the antidote?
This episode is brought to you in part by Abaxx Exchange, bringing better price discovery and risk management tools to navigate today's commodities markets through centrally cleared, physically deliverable futures contracts in energy, environmental, battery materials, and precious metals markets. Smarter Markets are here.

David Greely (01m 10s):
Welcome back to Re-engineering Tokenization on SmarterMarkets. I am Dave Greely, Chief Economist at Abaxx Technologies. Our guest today is Leah Wald, Digital Title Lead at Abaxx Technologies. We will be discussing her experiences and insights from a career working at the intersection of DeFi and traditional finance and how she is working with Abaxx to re-engineer tokenization through the use of digital title. Hello, Leah, welcome to SmarterMarkets.

Leah Wald (01m 40s):
Hi, Dave. Thanks so much for having me.

David Greely (01m 42s):
Well, it's been really good to be able to get you on this podcast series. I had you in mind from the beginning. You joined Abaxx a little less than two months ago to help guide Abaxx's approach to re-engineering tokenization and before that you were President and CEO of Sol Strategies and the Co-Founder of Valkyrie Investments, which launched some of the first digital ETFs in the United States. So first I wanted to get started by asking you why did you choose to join Abaxx?

Leah Wald (02m 12s):
The best question to start today. So thanks for that, and you are stuck first shining a little bit of light on you. I do want to acknowledge you and the Smarter Markets team for what you built with this series and Re-engineering tokenization isn't just a catchy title, it really is exactly the right framing. You know, most of the industry is still thinking about tokenization as putting a digital wrapper on existing assets into an expensive fund. So you are really pushing the conversation towards something deeper here. So thanks for having me on. Why did I join? I have known Josh for almost six years, which is wild. So I have been watching and cheering the work that he and the team have been doing with ID ++ and the broader Abaxx vision, really from the sidelines for a while and the thesis has just always been really compelling to me, me that markets need better infrastructure, especially when it comes to ID++ for identity ownership and trust.

Leah Wald (03m 05s):
And it just feels like the timing is exactly right, and I think that's because three things are converging. AI is transforming how we process and verify information. Tokenization for this podcast, this has moved from crypto experiment to institutional priority, and I know we are going to talk about that, but BlackRock, Goldman, Nasdaq, they have been building for years, but now the CEOs are all public about

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the extremely bright future, and that's just different. And we finally have a regulatory regime in the States that's supportive rather than adversarial, the latter of which is all I have known during my tenure in crypto. So this is really quite something amazing, and that's the Genius Act, what we will talk about most. So when Josh and I started talking more seriously about joining the team and the press releases about the commercial vision started coming out, it was really clear that it was the exact right moment. And then also critically Abaxx is a regulated exchange. I have seen so many brilliant technical solutions fail because they couldn't navigate regulatory reality or didn't have the leadership team that knew how to run a good business. And you guys have ambition, the foundation, the right team, that combination is just so rare. So just excited to join the team

David Greely (04m 18s):
And we are excited to have you here. And I wanted to ask you about the more hostile times that was your tenure in the markets, and how has your experience at Valkyrie and Sol Strategies shaped your thinking on tokenization and its role in traditional finance?

Leah Wald (04m 35s):
Uff all the scars, all the dub toes. I think it really comes to two formative lessons, and they may seem contradictory at first, but they are really complimentary. So at Valkyrie, which was an Asset Manager, we were building bridges, right? We launched Bitcoin Futures ETFs, Bitcoin Mining ETFs, and eventually work towards those SPOT ETF products that everybody knows today. We actually had almost 18 funds at one point. So from grantor trust to SMAs for advisors to on Chance, special sits, hedge funds to the ETF suite. But every product was designed to meet institutional investors where they already were in their existing brokerage accounts, their existing compliance frameworks, their existing mental models, risk models. It isn't asking them to learn a new system, it was bringing the innovation of digital assets into their system. So that lesson wasn't compromise your vision. The lesson was that adoption at scale requires integration, not replacement, something we're working on here, you can have the most elegant technical solution in the world, but if it requires institutions to abandon their existing infrastructure or compliance or client relationships, right, it's not gonna be adopted at all, let alone scale.

Leah Wald (05m 52s):
So I think the true financial tech winners are always the one who build those bridges between innovation and existing market structure, meeting that client where they are at. And I think that was a big learning lesson for me for Valkyrie at Sol Strategies, totally different, a public soli infrastructure company staking company. It was a very different learning experience and perspective for sole strategies is I really saw what a high performance Blockchain infrastructure enables. I really spent a year and a half learning about Solana and development. So that was unique to see the speed, the programmability, the compostability of Solana. So Solana processes thousands of transactions per second at fractions of a penny, which is absolutely incredible. Watching Defi protocols compose together in ways that would take TradFi years to negotiate, let alone implement, was just mind bubbling every day to see. And so that was just incredible.

Leah Wald (06m 54s):
So I will be honest, from both experiences, it's led me to have a lot of concerns about what's happening in crypto and tokenization and I remember when the first RWA tokenized funds launched with whiskey and wine that anyone was there at then kudos to wave actually. So talking to asset managers who saw tokenization also as the holy grail, I remember speaking to loads of asset managers who said, oh my gosh, I can unlock my billion dollar liquid portfolio. I got this real estate one, please help me. And that was many, many years ago. But back then, tokenized funds were novel, expensive niche, lots of vulnerabilities, and K one headaches. If you are in America, you don't want anything to do with K ones and tax headaches. So then you had 2022 happen, and when the dominoes fell around three arrows in FTX, it exposed how many participants in the industry had really thrown risk controls to the wind, the speculation, the lack of real world utility in many of the projects, the distance from actual economic activity.

Leah Wald (07m 59s):
I think those became known. And it really started irking me. It still irks me and concerns me, but there has been a lot of changes. And I think what's really changed is that tokenization is taking off with some of the most respected names in the world. If you have BlackRock's, Biddle Fund, Goldman Bony, they have all moved into digital assets, but now you have the regulatory environment that helps them and the silos of traditional finance and Defi decentralized finance are converging and not just converging. They are touching, they are working together. So I would say what genuinely excites me is tokenized equities. So strategies in the work there. We were the first public company to sign up with super state to tokenize our shares. And that felt like the future, real securities, real ownership rights, real regulatory compliance with the access benefits of Defi. So that's not crypto for crypto's sake, that's using the powerful technology to make traditional markets work better.

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Leah Wald (08m 58s):
And I will just say that's the environment Abaxx is building into, right? We are not chasing crypto trends when we are talking about tokenization. We are actually taking what works from this convergence, the speed, the programmability, the instant settlement, and also solving the problems that traditional tokenization has it with digital title, you are not creating tokens that represent assets or creating the legal instruments. And that's a very meaningful distinction when you saw what happened in insolvency scars from 2022 coming back. So another reason that drew me to the company, but also a bit of a story decade in this crypto industry that that really has been interesting to see where we are today. And I think where we are going,

David Greely (09m 42s):
And as you said, it's been a story decade in the crypto industry, now we have traditional financial institutions moving into the digital assets space. We have been very fortunate in this podcast series to have guests come from other companies with other approaches to tokenization, including in the past two weeks, Julian Kwan of IXS and INVESTAX and Christopher Jensen of Franklin Templeton and as you look at the other approaches that are being taken, how would you differentiate your approach at Abaxx to these others?

Leah Wald (10m 15s):
I think that's right and I have a real genuine respect for Julian and Christopher and what their teams are doing. I am really happy that you had them on. I think that we are all pushing towards a similar North Star, which is more efficient, more accessible markets, but taking fundamentally different paths. So it's, I think, good to break it all down. So Franklin Templeton proved something crucial, I think, to the entire industry. And when they launched BENJI in 2021, that was the first US registered mutual fund that used Blockchain as the primary record, huge They demonstrated that a major regulated asset manager with the incredible history and reputation of Franklin Templeton could operate on public Blockchain and satisfy all regulatory requirements. No small feat, no small feat at all. And that's grown to nearly 800 million across chains. Maybe Christopher said a different stat, so we will double check that.

Leah Wald (11m 10s):
But that matters so much. It opened doors for everyone. And under Christopher, they have also pushed this brilliant research materials, which really had boots on the ground that educated the public. I just want to say that that's a crucial piece for adoption with this new technology. So they created a whole package, INVESTAX under Julian they have also built really impressive infrastructure for private market tokenization and I think their strength is taking the liquid assets, so private equity, real estate, ALS, and creating a secondary market liquidity through that license exchange in Singapore, under the MAS, extremely valuable work because most often people aren't talking about the importance of the secondary market liquidity because it's very hard to do. So that's where Abaxx diverges, and I think the distinction's really critical. So both of those approaches are forms of tokenization, right and tokenization, as mentioned, as powerful as it is, does have a fundamental limitation.

Leah Wald (12m 09s):
Most tokenized structures leave holders as unsecured creditors on the issuing platform. So the token is a representation of ownership recorded elsewhere. And in an insolvency scenario, that token provides no perfected claim to the underlying asset. At Abaxx we call that the insolvency gap. And it's the core reason we believe institutional adoption has stalled to date that plus maybe the reporting requirements. So digital title does just take a completely different approach, really looking at determinism as well as legal finality. So the digital title certificate isn't the representation of ownership, we say it is the legal instrument itself, and that's constituting the documented title under the MLETR standards. So if your record keeper fails, your ownership claim is directly with the custodian. And no intermediate solvency can break that, and that's just a huge innovation. I would also say, and it's important to point out where Abaxx's, ID ++ protocol becomes essential differentiator too.

Leah Wald (13m 12s):
So digital title works because it is built on the verified identity infrastructure and tokens are fair instruments. So whoever holds the private keys owns the asset. Who is the keys? Who is the asset? No recourse, not good. Digital title certificates though are registered instruments. So bound to verified legal identities through ID++ huge. So if credentials are compromised, identity can be reestablished through the standard corporate legal processes. So comfort when you go to bed. So that privacy identity layer is what makes the legal architecture really enforceable. So if you think about it this way, Franklin Templeton and INVESTAX I think are innovating at the product and market layers. So putting existing assets onto new rails and Abaxx is re-engineering on the primitive level. So we are not wrapping assets and tokens, we're creating a new foundation of how ownership transfers, and that's one that tokenization is trying to solve. But through legal finality rather than digital representation is how we are going after it. And I will just say that's where I think the elegance of digital title also is crucial to understand. It just needs to do one thing, establish who owns what with cryptographic proof and legal

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enforceability, everything else, the speed, the programmability, the instant collateral mobilization that flows from that foundation. But it's an elegant solution.

David Greely (14m 43s):
And I'm gonna put you in a little bit of an unfair spot here. So I will apologize in advance. You brought up how Christopher and Franklin Templeton really we are pioneering in the tokenizing MMF space. I know one of the digital title pilots that you are working on at Abaxx is applying digital title to money market mutual fund shares. I know you can't go too deeply into it, but I just wanted to ask you, what are some of the unique challenges you have seen to tokenizing a money market fund relative to other real world assets?

Leah Wald (15m 16s):
Big great question. And it actually gets at something that the industry often conflates. So maybe before I dive into the money market fund specific challenges, let's draw distinction that matters. You have tokenized funds and tokenized equities, and they are fundamentally different projects with different regulatory frameworks, different technical challenges, different use cases. So let's just break that down and then we will dive right into money market funds. And only because we often say tokenization or RWA tokenization and that almost encompasses both when you say it out loud, but they're extremely different. So tokenized fund, like what BlackRock is doing with Biddle, or again, Franklin Templeton with BENJI they are digital shares of regulated investment vehicles governed by the Investment Company Act. Okay, my American hat on right now, sorry. But yes, very specific. So they have to maintain a stable NF, they generate yield and the killer use case, which is something we also believe in, is their ability to be used for collateral mobility, right?

Leah Wald (16m 20s):
So using those fund shares as margin while retaining the yield, okay, now you have tokenized equities. So that's what firms like Superstate is doing or what actually NASDAQ proposed to the SEC and that's Blockchain native company shares. That's huge. So that's same QCIP, same shareholder rights as traditional shares, but on new rails, killer use case, there is 24x7 trading, instant settlement, fractional ownership, global access. So also different regulatory frameworks. Technical challenges are different, value props are different. So just wanted to break that down before we continue. Okay, money market funds. So there's several challenges that make money market funds particularly complex that we are learning in the process here. First, and let's be specific to money market funds and tokenization. Okay, there is a settlement timing mismatch. So money market funds are designed for same day or next day liquidity in traditional markets, but traditional settlement is T-one, right?

Leah Wald (17m 25s):
Blockchain settles in seconds, and that's the killer element to that. Reconciling those two realities, making sure the on chain record matches the funds official NAV, the share account and beneficial ownership that's requiring careful architecture and most importantly, you can't afford reporting errors, right? As an SEC registered vehicle beholden to the DTCC, you are in serious trouble man if you don't make sure that every single zero is correct, right? The second one is the yield mechanics. So money market funds are really important because they're seen as safe havens, debatable Bitcoin or topic, not really, that also generate income, right? Right now it's around 4 to 5% annually. So the question becomes how does that yield accrue in a tokenized structure? How is it distributed? How is it reported for tax purposes? So when you're dealing with a static asset, like a bond tokenization is simpler, but when you are dealing with a dynamic yield generating instrument that's traded every basis point of daily accrual needs to flow correctly.

Leah Wald (18m 32s):
And again, don't mess up that reporting. And then third, right, is the regulatory compliance. So money market funds are among the most heavily regulated instruments in finance. So it's SEC Rule 2A7 that governs them, and that governs everything from portfolio composition to liquidity requirements to stress testing. So any digital representation of that would have to satisfy all those requirements continuously, not just the issuance as well. Fourth, the insolvency gap that we talked about, that's something obviously that we think about a lot that we're concerned about. So that's where you start going down the rabbit hole of concerns with tokenization and digital assets generally of pointing to a ledger, to a ledger to a ledger. So if you tokenize money market fund share, and the platform used like circle for the USDC yields or underlying Blockchain has an outage or fails, then you're in trouble, right?

Leah Wald (19m 32s):
That's when the token holders typically become unsecured creditors for institutional allocators. That's a non-starter that's not going to get passed their legal or risk teams. So digital titles trying to solve that again, by ensuring that the cert itself constitutes that documented title. So ownership enforceable directly with custodian, which really drastically helps that. So what's instructive about working through these money market fund challenges is that the patterns extend to other securities, but the specific implementation

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differs. Of course for equities, you don't have daily yield accrual, but you do have corporate actions, dividends, splits, rights offerings, proxy voting, and each of those need a flow correctly through digital architecture. Not easy for fixed income. You have coupon payments, maturity events, derivatives, margin requirements, settlement mechanics, your world. So I would just say I think the insight from our Money Market fund pilot so far is that if you can make it work for one of the most compliance intensive instruments in traditional finance, architecture can extend anywhere obviously working on it, but very exciting. And that's really because we're not bolting together point solutions. It's building one integrated system. And so I think it's really incredible. The result isn't just a tokenized version of an existing instrument, it's a superior financial instrument.

David Greely (21m 00s):
One thing that I find really intriguing in what you are talking about is as you go from physical assets like commodities to money market funds and equities, which are securities, clearly different stricter regulatory regime, but you haven't mentioned a need to change regulatory regimes or law. And I think this year we have seen Genius Act all these things that are happening in Washington to try to facilitate the use of tokenization. But you haven't been talking about a need for that. Why is that?

Leah Wald (21m 33s):
That's exactly right. This year has just been absolutely different, drastically different from under past administrations, not just really at every single level from the regulatory level working with the SEC, the Hill and what's been said on both sides of the aisle as well as of course at the executive order level this year. Absolutely. You mentioned the Genius Act was created as a first comprehensive stable coin framework. Really key SEC Chair Atkins had completely reversed the commission's posture with Project Crypto under Chairman Gensler. It was extremely hostile. More importantly, or not more importantly, but also importantly, the IRS issued Safe Harbor guidance as well. So you really across the board, have more regulatory clarity than at any point in my entire career. And also that means that the tone shifted from adversarial to collaborative, and that just matters so much during 2022 when everybody in the industry had clear black eyes and everyone on Wall Street went from talking to us to please don't call us again.

Leah Wald (22m 44s):
That's embarrassing to talk to you. Most of the really brilliant budding entrepreneurs in this country had to go offshore. A lot of us got even Deb banked, and it was an impossible environment to work through, let alone say that It was very difficult to move public market funds when institutions now had strict guidelines around not being able to buy them. So it's just really interesting and incredible to your point, that you now have this regulatory stance that is coming out with guidance every day. Obviously CFTC', fam just came out with new guidance as well, being able to trade on the CFTC or Trade Futures products. So it's a different environment for sure.

David Greely (23m 30s):
So much more collaborative environment with the regulators. And I know internally at Abaxx, you have been collaborating quite a bit with the technology and the clearing teams as part of these pilots. I was wondering if you could walk us through a little bit to the extent that it's appropriate, what actually happens step by step when a security like a money market fund is transferred using digital title, and how is that different from how a transfer works today?

Leah Wald (23m 59s):
That's a great question. All be sure to spell all the secret sauce too now. So let's paint the picture of the current system first, and maybe you'll chime in with some fun stories as well of just how much doesn't work still in traditional finance, but I think most people don't realize how much is happening behind the scenes. So let's use an extreme example that we are trying to solve through. You get a margin call at 6:00 am the bank opens at nine simple happens all the time. And that's three hours when you are exposed with no solution. Once operations begin, transfer touches your custodian, maybe a tri-party agent, possibly a collateral mobility platform, then the clearing house, and each layer is taking a cut. So from our research, it's about 12 to 15 BIPS stacked when all is said and done, just for that process, as we know, settlements, t plus one at best, let's not even talk about international wire transfers failing or taking multiple days, right?

Leah Wald (24m 59s):
And then you have multiple databases to reconcile, and if anything is off, you are into fail resolution. So now you are in trouble even further and meanwhile, and the big one is you're holding about three to 5% buffer capital just to survive these different timing. So consider that, sit and wait and wish, right? And trillions of dollars are just trapped in this process at any given moment. So it works, it does, but it's expensive friction that everyone has just accepted as the cost of doing business, and we know that you shouldn't and what excites me about digital title is how it rethinks the problem from those first principles. So rather than trying to make the existing

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pipes move faster, it asks, well, what if ownership itself could transfer with legal finality instantly without the underlying asset ever moving, right and that's the core insight. So in the money market fund pilot, the assets stayed with the original holder's custodian, what transferred was the ownership itself, not a security interest requiring perfection, but direct ownership via the digital title certificate huge.

Leah Wald (26m 07s):
And that transfer happened immediately with cryptographic proof and legal enforceability. So one authoritative record with an audit trail. And here is what I find really elegant of the flow, is that the original holder in the pilot was able to continue earning yield on the asset even while it's serving as collateral and we call that the living collateral. So same economic outcome as the traditional process, but without the intermediary stack, without the time and gaps and without the trapped capital. So again, I think it just takes back to those learning lessons where we are not trying to ask anyone to rip out their existing infrastructure. It's designed to work with standard documentation, existing custody relationships. It's really integration, not replacement, but with a way better system.

David Greely (27m 01s):
And one of those foundational pieces is digital identity. I know Larry Fink has talked about digital identity being the missing piece for tokenization at scale. How are you thinking about identity and KYC AML requirements in the context of digital title?

Leah Wald (27m 20s):
Our favorite topic, right? Think is exactly right. And I like how he framed it. He pointed that specific example was to India's odd heart system. So over 90% of Indians can securely verify transactions directly from their smartphones. Credible. So I think his point was that if we are serious about building an efficient and accessible financial system, tokenization alone won't suffice. We need to solve digital verification too and the amazing thing is that that's been, and why I think you are asking me this question is that's been core to a's thesis for so many years. Josh and the team have been building ID++ precisely because they understood this well before most people were even talking about it, that you can't have programmable ownership without programmable identity. They are inseparable and it has to be an efficient method to be able to interact as well. And so I think that here is the challenge though, that most approaches face Blockchain tokens are again, as mentioned, bearer instruments.

Leah Wald (28m 27s):
So whoever's holding the private keys owns that asset and for institutions, and this is to Larry Fink's point, that's a compliance nightmare. How do you know your holders are eligible? Even how do you enforce jurisdictional restrictions and if you have a compliance concern, you don't touch it. There is no reason the largest asset managers or institutions of the world need to take leaps of faith and be uncomfortable with compliance. They won't. They shouldn't. It's not going to happen. So I think that's also what's exciting about where this is going for identity is that for digital title, the architecture supports zero knowledge proofs and selective disclosure. So institutions can prove compliance. So let's say quote, our collateral exceeds 125% of our obligation, right? They can say it without ever revealing the exact amount held their other positions, their county party relationships, their trading strategies, other trading partners, pricing. Everything is, is kept private. I would say that's verification without surveillance or compliance without exposure. And I think that that's the balance institutions need. So I think that Larry Fink's point about India is really instructive. They didn't build a system that forces trade-offs between access security, they built infrastructure that enables both. So hopefully that's what we are building towards at Abaxx as well.

David Greely (29m 59s):
And I'd like to return in a way to where we started today, which is you have spent your career at the intersection of DEFI and traditional finance. What have you learned about what it takes for traditional finance to adopt digital assets and tokenized real world assets?

Leah Wald (30m 17s):
Patience. I mean, I've been in what I'd call the Bitcoin asset management industry for a really long time. Started with Lucid in about 2016, which was really the first RAA and the registered investment advisor in the state specialized in investing in GBTC. So the only Bitcoin security at the time, and I laugh, but I do think that what that taught me above all else is patience and the, I am not saying I have patience with other things in my life, but with adoption curves perhaps, and also humility. This brings back to the point we were talking about of institutions adopting, I remember the conversations in 2017 and 18 where the institutions were coming then in 2020 and 2021, this is the year that they are coming. We would get so close and a major allocator would be ready to move and then something would happen, right? A regulatory action headline from the Washington Post, a compliance committee got cold feet and just billions that all are sitting on the sidelines waiting.

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Leah Wald (31m 20s):
Then 2022, everything exploded and we all had black eyes and the hills said, we are criminals again and institutions as mentioned wouldn't talk to us. So I think that the biggest learning lesson was that institutional adoption isn't about the tech being ready. I think most tech entrepreneurs or businessmen and women would say that it's really about, you know, the three things aligning simultaneously of regulatory clarity, integration and economic, really justification. So I know you asked me previously about regulatory clarity. I think I can't overstate how different it is this year and the reason is because traditional finance operates under fiduciary duties, compliance obligations, as well as reputational considerations and that's what makes regulatory ambiguity existing existentially threatening and I watched just these brilliant products wither because we couldn't get regulatory comfort. I mean, I worked for four years just to get a Bitcoin ETF approved. So the rules just need to be clear for adoption to actually take place if we are talking about financial markets.

Leah Wald (32m 34s):
Second, I mentioned infrastructure, so I think we talked about this, this a little earlier, but infrastructure that integrates rather than replaces. So kind of the crypto ethos of burn it down and rebuild just doesn't work for institutions and traditional finance, maybe we could talk about payments and forcing out Western Union, but not bank New York Mellon and that's learning the hard way, right? Every time we tried to ask institutions to do something fundamentally new, buy our products, it required new custody arrangements or new compliance processes, we'd have to write new ad's form adds for RAs, and we would hit a wall and lose a client. It, it just was not possible and then, you know more than that, no one wants to slip up at the IRS and there was no understanding around tax treatments, right? You can't ask a allocator with a fiduciary duty to take those types of risks.

Leah Wald (33m 33s):
It's just not possible. So I think that that's why digital title is designed the way it is and our pilot operated within that standard documentation that institutions already use, creating the full books of records for an audit trail, not inventing new legal concepts or regulatory exemptions. In the case of the pilot, that's what needs to happen. And I think third economic justification, right? It's on a Blockchain is not a business case. If you go back to 2017, that was it. It was like, all right, we are going to build the Blockchain and it's gonna solve everything and every institution did, and then people got a little smarter. And now the smartest institutions which are moving in, they do need to see a real value creation and a real case. So I think the economic case for tokenization is now undeniable. And you have had reports from Citi and Goldman and most of the largest platforms put out these enormously optimistic reports on the TAM opportunities for tokenization for years now. And those numbers are just telling the story. Even take the tokenized US treasury market has grown from 1 billion in March, 2024 to nearly 9 billion today, and bids funds surpassed 2.5 billion in a UM. You just have a lot of examples of where the value prop is straightforward and important. I think adoption is coming. So regulatory clarity, institutional infrastructure, economic justification, and then you get work, really, you can start building.

David Greely (35m 09s):
So it's coming. Leah, first, thank you so much for spending the time with us today. This is incredibly enlightening. Before you go, one last small question. How do you see tokenization changing traditional finance on the current path?

Leah Wald (35m 25s):
I think that Larry Fink, going back to Larry Fink think actually put it really beautifully in his annual letter, he said and spoke to that he believes every stock bond fund asset can be tokenized, and if they are, it's going to revolutionize investing. He noted that it's because of markets not needing to close and transactions being cleared in seconds. I think that those two points alone, to change traditional finance forever, I think we are witnessing, especially, you know, as mentioned, I love public company equity tokenization initiatives, but I think we are witnessing the largest innovation in market structure since electronic trading or NASDAQ in the 70. Back then we moved from shouting orders on the trading floors and paper certs delivered by courier to electronic execution and what we see in the markets today. And that transformation took decades, but it fundamentally changed everything from who could participate to how efficiently capital could move.

Leah Wald (36m 34s):
And I think tokenization is of that magnitude of that. So I think what resonates with me most deeply, and it connects to why I started in this space, is again, think in its core principles. Larry Fink was talking about three democratization access, and that's because in tokenization, you can have fractional ownership that lets anyone invest in assets that previously reserved for the gated few, right? Voting and for public company equity, you do have the same voting rights. It's one-to-one. So your ownership and voting rights are digitally tracked and you can participate seamlessly from anywhere and transparently. Again, we like privacy at the ABAC side of the

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house, but there is a lot of benefits on what you can see on a verifiable ledger. So that can be global access and equality. So I think that just generally speaking, tokenization changes the equation completely, especially when rails become accessible, as accessible to anyone with a smartphone. So I guess the future's really bright, especially from a democratization perspective.

David Greely (37m 47s):
Thanks again to Leah Wald, Digital Title Lead at Abaxx Technologies. We hope you enjoyed the episode. We will be back next week with our final episode of Re-engineering Tokenization. We hope you will join us.

Announcer (38m 02s):
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