LendIt Fintech

FINTECH ONE-ON-ONE PODCAST 356-CARLOS DOMINGO

Welcome to the Fintech One-on-One Podcast, Episode No. 356. This is your host, Peter Renton, Chairman and Co-Founder of LendIt Fintech.

(music)

Before we get started, I want to talk about the 10th Annual LendIt Fintech USA event. We are so excited to be back in the financial capital of the world, New York City, in person, on May 25th and 26th. It feels like fintech is on fire right now with so much change happening and we'll be distilling all that for you at New York's biggest fintech event of the year. We have our best line-up of keynote speakers ever with leaders from many of the most successful fintechs and incumbent banks. This is shaping up to be our biggest event ever as sponsorship support is off the charts. You know, you need to be there so find out more and register at lendit.com

Peter Renton: Today on the show, I'm delighted to welcome Carlos Domingo, he is the CEO and Founder of Securitize. Now, Securitize is a super interesting company, they are really focused on tokenizing assets, putting them on to the blockchain. If you don't really know what I'm talking about there, you're in luck because we go into great depth about exactly what that means in the type of assets they are tokenizing and we talk about how they built their market. They've got a primary market and a secondary market, the scale they're at, as I said, how the mechanics work and why companies should raise capital this way. We also talk about DeFi, about some of the traditional investment banks that's on their cap table. Carlos also gives his vision for the future of capital raising. It was a fascinating conversation, hope you enjoy the show.

Welcome to the podcast, Carlos!

Carlos Domingo: Hi, Peter, thanks for the invite.

Peter: My pleasure. So, why don't you get started by giving the listeners a little bit of background about yourself. I'd love to kind of hear some of the career highlights to date.

Carlos: Okay. So, I'm originally from Spain, from Barcelona, studying computer science there, moved to Japan very early on, that was like the first experience abroad. I did my Master and PhD at university called Tokyo Institute of Technology which is kind of like the MIT in Japan and then started my professional career there with the dot com times, started with a company that went public in what was NASDAQ in Japan at that time which basically opened during the dot com time. When the company went public, we acquired eventually three companies in the US so I moved to manage one of the companies first and that was my experience living here on the West Coast and eventually managed all the operations for this public utility company outside the US.

We were doing software for creative professionals basically and then when the downturn came, obviously, you know, everything, as you might remember, was in very bad shape. You know, NASDAQ Japan actually closed so we ended up being delisted and there was a lot of drama around so kind of

worked in turning around the situation for a while. And then in 2006, you know, I was recruited by a telecommunications company called Telefonica so I moved back to my home country for the first time to work, you know, worked there for eight years basically focused on the non-connectivity side of the business, what was called digital at that time for telcos that provide services beyond connectivity and it was like, you know, the year before the iPhone came out which transformed the industry in a big way. You know, Telefonica was particularly active there and after eight years, well, all telcos suffered the same problem of not actually being able to monetize beyond, let's say, their basic connectivity services that they were providing.

So, I then left Telefonica, moved to another telco in the Middle East, in Dubai, and then set up their digital operations for a period of time. At some point, I just got bored of telecommunications, there's not much happening so I was looking for other things to do and fintech was something I was particularly interested in because of my background with, you know, software and product as well as regulated entities and then I kind of stumbled upon blockchain in 2016 when Ethereum launched. So, my friends started, you know, issuing documents on Ethereum with some of their early ICOs and I got fascinated about the space and about the possibilities and said to them, I will work fulltime into blockchain and here am I today.

Peter: Alright, But, at the same time, I know that you started a venture capital firm and so maybe before we talk about Securitize, I'd love to get your sense about why start a venture capital firm today and what kind of…where venture capital is at, what you saw as something that was missing.

Carlos: So, at that time, this is when the whole ICO space was booming in 2016, you know, I had a friend that was trying to raise a venture capital firm and that was the first VC that he was trying to do, I mean, because the whole token space started and people were raising money with tokens on the Internet using blockchain, I kind of suggested, why don't we do an ICO for this fund and then started exploring that option. The whole idea was well, you can then give access to venture capital to any investor potentially with venture capital, as you know, is primarily the realm of institutional investors and the second thing is venture capital has one problem which is as an asset class it is extremely illiquid, right, it has gotten worse over the years for companies tend to go public much later than they used to.

So, my idea was we do a token for the fund and making them provide liquidity for this token that represents their interest and then what happened is they will realize well, we cannot do this in the way ICOs were being conducted, back then because obviously a token that represents the interest of the fund is a security and, you know, we were early on one of the first teams in the space that kind of recognized these tokens are probably securities.

Rather than try to bypass regulations or pay regulatory arbitrage which a lot of people did back then and still doing in the crypto space, we then decided to conduct what was one of the first security token of where basically you show tokens that represent security, in this case it will be in the interest of the fund and the whole idea was that we can provide liquidity to it obviously for this to be a reality, but eventually ended up happening in the space, it's trading in two different regulated marketplaces and it's a very different kind of VC in that respect.

Peter: Okay. And so, I want to go to Securitize, how do you describe Securitize today?

Carlos: Securitize is basically a company that focuses on the digital asset securities space so we basically help companies to basically tokenize real world assets which is the majority of the instances these art projects as securities. We have a number of SEC licenses that allow us to basically issue tokens that represent securities manage those tokens and the compliance, conduct asset servicing and then help them both, you know, sell tokens to the investors through a broker/dealer as well providing liquidity for the secondary marketplace that we have. So, we have an end-to-end life cycle for tokenized assets on the blockchain.

Peter: So, when you say tokenized assets, can you give the average lay person a description of exactly what you mean there.

Carlos: Yes. So, we focus on private capital markets, public markets have a different set of problems, but in private capital markets, you know, typically securities are not properly digitized or they're not digitized at all. That creates also a problem, right, from tracking cap tables, to be able to prove ownership of a security, to be able to then trade them efficiently, etc., right. So, tokenizing these securities is a way for providing a native digital representation on the blockchain of the ownership of the security with all the implications that that has in terms of being able to then trade it and give it to somebody else or being able to prove that you own it and then receive dividends in a very efficient way and all the types of asset servicing that go along with securities.

Peter: So, the assets that you're tokenizing then are basically equity in private companies, is that the main asset or is there anything else you're doing?

Carlos: We are a bit of a one asset class agnostic, before it was definitely in private markets, that's our thing and, yes, obviously equity companies is one that we've done a lot, but we also have tokenized debt products, we've also tokenized funds, REITs and all the types of securities, not necessarily focused on one particular asset class, we're multi-asset from that perspective because the tokenization process is very, very similar, right, in terms of what need to do in the technology you need to use even if the underlying security represents something different.

Peter: Right, right, okay. So, can we go through the mechanics of this, let's say I'm a private company, I've got a pretty, you know, detailed cap table, everyone's got different slices of ownership of the company and we say, okay, we want to tokenize this. Well, maybe for a start, what is the advantage in doing that, why should we do that?

Carlos: So, typically, companies, the way they track their cap table is pretty inefficient, right, because you use either a paper because you have to spend.....

Peter: Google sheets (laughs)

Carlos: …..subscription agreements, you can have Google sheets, you can have glorified Google sheets which are cap table management companies, products that basically contain the content of these, but the problem with that approach is that it actually is not a guarantee let's say proof of ownership, right, because this is manual, you know, people are managing that, somebody is sitting at a law firm, somebody is actually inputting the data there. If somebody behind-the-scenes, for any reason, has sold their shares on a private transaction then that doesn't get reflected there and then also the representation of securities typically do not contain the compliance rules, they're not enforceable. So, like if you are on a cap table and, you know, you look up, you can ask…someone can delete you from the cap table and there's nothing to prevent that, right, so if you think about blockchain is, blockchain is basically this cryptographically secure public ledger where you can actually write something and assign it to a person through a wallet and that's an irrevocable proforma sheet.

If you're talking moves, you can actually track that that token representing a security has actually moved from one investor to another and you can programatically use smart contracts to basically enforce the transfer restrictions. Let's say, if I give you a token that represents security and you have one year lockup period, I can use smart contracts to guarantee that you will not move the token to some of the investors before the one year lockup period has expired. When you move it that is actually a legal transaction of a security and that we will update the cap table so we basically use this blockchain as a ledger to represent natively the ownership of the securities and all the compliance rules that go around it.

Peter: Okay. So then, I'm a company with my cap table on a Google sheet, we've got some legal agreements in place about lockups and different things like that, what you do is you take all the documents, some of them are text and some of them are spreadsheets and then you sort of move all that on to the blockchain. You copy it and you create obviously smart contracts that kind of drive how this works, I mean, maybe rather than me explain it, can you just maybe get a little bit more granular there and just like.....when you're signing up a new company, what actually happens?

Carlos: There's two scenarios, right, there's companies that have an established cap table and they just want to move it in the blockchain and manage the securities there and then these companies that want to issue new securities now because they are basically raising money, right. So, in either one of the cases. for every investor what is a new investment that comes from board to what is existing investor, we will basically create an identity of that investor and then we will attach a wallet to the investor and then we'll deposit the tokens that represent the number of let's say shares that the investor owns into that wallet so that's, you know, your irrevocable proof of ownership into that security.

And then we'll read through, you know, the legal restrictions of that security, what is lockup period to what is, you know, only for accredited investors or whatever are the rules and then the smart contracts will be coded to reflect those legal constructs and the restrictions of the security. Once that is done then everything is natively digital and then you can then unlock a lot of wallet possibilities, like let's say if you need to pay a dividend, you can efficiently distribute it to the wallets that contain tokens knowing exactly that those are the actual owners of the securities, believe it or not doesn't know how that works in real life or if you want to trade then you can efficiently allow people to trade or not, depending on

whether the compliance rules allow them to do or not and then chart the new owner of the securities and always know who post the securities. That's how it will work.

Peter: Okay. So then, I'm the owner of equity in this company and now I have a wallet, is this like a MetaMask wallet, I mean, what type of wallet is that? How do I see what equity I own?

Carlos: So, there's two options why you can use a Metamask wallet, these are self-custodian wallets, we support MetaMask, Coinbase and a bunch of other wallets, pretty much any Web3 wallet will be supported there…Ethereum in this case. And then the other option is that you don't want to custody your own securities and then you use a qualified custodian, I guess a Coinbase custody and then you have an account with them and your tokens will be deposited with them, but perhaps in the securities. Basically, by looking at the wallet and see how many tokens you have there, you know how much securities you own.

Peter: Right, right, okay. So then, in looking at your website you do have a number of companies on your platform including your own VC company so how are you going out to find these companies, how do people get included on this platform?

Carlos: So, we started first…what you see in the platform today is the broker/dealer which allows companies to basically sell securities to investors as well as their secondary marketplace that allows tokens to be traded on secondary after they've been issued. Basically, before doing that, what we did is we had a transfer agent into a basically white label product for all companies that could then tokenize and manage the securities on the blockchain, but not raise money or trade and we have more than 250 customers using the platform that way.

Last year, when we launched our own marketplace we then went through a process of actually selecting the ones that we think are going to be successful, the ones that we think they're going to raise money, that the product is, you know, the valuation is right one, the project is legit and this thing is going to fit with our audience, etc., the same for secondary market, right. So, try to identify the ones that we think will have some degree of liquidity, of course, these are private securities so they're always going to be less liquid than public securities, but, nevertheless, it is better than zero which is the usual situation for private securities.

Peter: Can anyone then…..I'm looking at some of the offerings like the Proteus and Exodus Movement, Blockchain Capital, different companies that have a price, I imagine that's per share, per token, I imagine, like do I need to be an accredited investor, can anyone come and just buy these tokens?

Carlos: Our licenses allow us to do both retail and accredited investors, whether on retail or an accredited can actually go and trade on one's security, depends on the regulatory context of the security, right. So, some of the securities we have listed, like let's say SPiCE VC or Broad Capital or Exodus, they are available for retail, some other ones actually not because either they went for different regulatory process in terms of how they should sell securities or in some cases some companies want to restrict trading only to accredited investors for their own reasons, right.

So, the answer is it depends, but what we want is to have as many as possible that are variable for retail especially in the secondary market because part of what we want to do is basically democratize access to private capital markets, right, that's the philosophy, right. These asset classes like VCs and, you know, startups and things like that so traditionally they have been in the realm of institutional investors and it's very difficult to access for individual investors so that's the whole idea.

If you think about… institutional investors typically have around 30% of their portfolio allocation into let's say alternative assets as a broader category, right, so VC, private equity, real estate, you know, private companies, etc., but retail investors, for the most part, they have very little exposure to and by retail I mean individual investors, could be regular accredited but individual investors have very little exposure in their portfolio to alternative assets, right. So, increasing that and giving them to option to increase that allocation and be able to invest like a professional investor class is part of the whole…

Peter: Right, right. And so, just looking at your primary market offerings you've got a really big range of different things here. You've got a Bitcoin Yield Fund, an ETH Yield Fund, you've got real estate opportunity in Belize, you've got Stablecoin funds, so how did these things make it on to your platform?

Carlos: You know, on the primary platform we have two types of assets. We have some of them that are issued by ourselves, by a registered investor advisor we own full securitized capital so most of the crypto related ones, the yield funds for Bitcoin, USDC, the Standard & Poor funds that we're doing in partnership with Standard & Poor, those are actually issued by ourselves and then we put them on the platform for investors to be able to access them. The other ones that you see like we have an entertainment series called HODL, we have the real estate asset in Belize that you mentioned, etc. those are like third party that basically approached us to basically list in our platform and be able to raise money with the security token from our investor pool.

Peter: Okay. And so, if I want to invest in say the ETH Yield Fund, for example, I presume that's available to non-accredited investors, what is needed as far as, like how do I invest?

Carlos: So, that actually is for accredited investors. You know, making a fund available to retail investors is a complicated process for the registration of the fund, right, so for accrediting businesses there are exemptions like Reg CF or Reg A+ that allow you to do retail, but for funds it's more complicated so in that particular case, that's a fund that is only available for accredited investors.

In terms of the process, you can go there, you can actually review the, you know, information on the fund, the stuff that it does, obviously because these are securities, there's a lot of disclosures on what the fund contains and how it operates and then you have to create a KYC with us so we need to…obviously, these are securities so we need to know who the investor is and then you have to basically pass KYC and then we would also do AML checks on you at the beginning and also on a recurring basis.

In that case, because it's only available for accredited investors, then we'll ask you to do accreditation with us. The beauty of this is once you've done it once and you've created this securitized ID, it's like an investor passport that next time you want to invest in another product we don't have to go through this process again which eliminates a lot of the friction which is also something problematic for private assets every time you want to invest in a private asset, you have to KYC again, you have to pass AML you have to do accreditation, etc.

So, by creating this portable investor ID, we basically eliminate the friction after the first one, let's say, and then once you're there then you click, you put how much money you want to wire, you sign subscription agreements, depending on the product. In some cases you can pay in crypto, in some cases fiat, it's up to whoever is the issuer and once you've funded the securities, you can see them on your securitized ID or the investor account and you can then bridge their wallet (garbled) tokens.

Peter: So, can you invest through a retirement account yet in a self-directed IRA, do you work with any custodian there?

Carlos: Yes. So, we have a partnership with a company called Alto IRA, kind of for a while, that basically allows you to deposit security tokens in an IRA.

Peter: We just had the CEO of Alto in my podcast just published yesterday, as we're recording this, so that's great and good to know. What is the fee structure there, I imagine it differs somewhat between investments, but can you give us some sense of the fees?

Carlos: Actually, for investors, there's no fee if they invest in a fund. The fund may actually have fees in terms of AUM, in our case the funds that we issue have very low fees, only 0.5% per year. For third parties, let's say you buy on this real estate project that we have, you, as an investor, don't have any fees, right, what they might have is fees for managing the fund itself. In our case, we actually charge fees to the issuer because we're helping them raise money, but that's transparent to the investor.

Peter: And what about on the secondary market, are there fees to trade these things?

Carlos: Yes. So, we actually just turned it on now. When we launched in the beginning we had zero trading for a period of time and starting 2022, we've started charging 1% fee for the seller and 1% fee for the buyer.

Peter: Okay. So, how are you making money? You make money by charging a fee to be able to raise capital and it sounds like you're making a small slice in the secondary market. Are there any other ways you make money?

Carlos: Well, we basically also manage the securities for these customers so that the securities and their cap table and investor accounts, everything sits in an instant spark platform and therefore, we charge the issuer a fee as a transfer agent, like a SaaS fee so basically a fee to set up the platform and then a monthly recurring fee. I mean, if they want to raise money then obviously there's a fee

involved with raising money. Once they trade, the issuer doesn't pay anything, but the investors both the selling and buying are the ones paying the fee.

Peter: Right, got you. Who are the typical investors, like what types of people are investing with you guys?

Carlos: We have a lot of retail because we've done a lot of projects for retail and then many of the ones in the secondary market are available for retail. We do have a decent chunk of accredited investors, those are primarily the ones that go through primary because most of the things we list in primary are for accredited investors, we have very few institutions. Our focus has been, as I mentioned, in democratizing access to private capital markets, right, and alternative investments and, therefore, from that particular perspective our focus has been on the individual investor that typically doesn't have access to these products and they will have to basically buy mutual funds or ETFs or public stocks and that's the only thing they have available.

Peter: Right. So, can you give us some sense of the scale you guys are at? I mean, what volume is going through your platform, how many investors?

Carlos: So, we have around 450,000 investors that have created securitized IDs with us over the years and then we have 250 companies that we manage as a transfer agent. We also recently purchased another transfer agent that has 750,000 investor accounts and around 3,000 so in aggregate we are on the top ten of transfer agents per investor accounts. Of course, not all of them are trading on primary and secondary because this is new for us so we're on the verge of mobilizing this, but we're starting to see good volumes. The collective primary issuance that we're doing is close to 500 million at the moment so that's that part of the business which is newer for us to start taking off.

Peter: Right, right. I imagine, you're the largest transfer agent on the blockchain, right?

Carlos: Oh yeah, by far. (both laugh)

Peter: A company looking to raise capital, why should they come to Securitize to raise capital? I mean, I imagine, you know, there's obviously the traditional capital raising route where you can hire an investment bank and you go out to VCs and what have you and use to raise money, why should they come to Securitize?

Carlos: Well, there's two reasons, right, like sometimes people want to have their community be able to be part of the project and if you go to a traditional fundraise they're going to put you in touch with institutions, VCs, private equity firms, things like that. Sometimes, I think that there is a tendency that, especially on crypto related projects where, you know, you want your customers to become shareholders because then they have a financial incentive to be loyal to you and to become like brand advocate and for moral support project, right, so that's one of the things to do it this way as opposed to the traditional way by giving them tokens and being able to have a broad distribution of your raise. You are basically creating a community of funds, right, so that's one of the reasons.

The other one is sometimes they want to access a different investor pool than the traditional one, that also helps on this liquidity in the secondary market that you're finding on listings down the road, right. So, if you raise funds from this source and you have like four investors, five VCs, ten VCs, some sort of illiquidity because their business model is not to be liquid and, therefore, if you want to bring liquidity to investors that's not going to be a good way of raising money.

Peter: Right. And so, are these like Reg A, Reg A+ offerings, is that how you're doing it from a legal perspective?

Carlos: We've done everything, we've done Reg CF which is various in track coming, we were selected to 5 million recently so it's becoming more and more popular because 5 million is a decent…I think in the past, it was one million. We've done Reg A+ which, again, was raised from $50 to 75 Million, in fact, the first time we were probably the only one of Reg A+ offerings that had actually done $75 Million raise was done with us for a company called Exodus Communication which now trades in our secondary market. And then the large majority of primary are Reg D and Reg S. So, Reg D which allows for product solicitation in the US which has an unlimited amount of money you can raise, but is only restricted to accredited investors and Reg S which is the equivalent of Reg D for non-US investors where you basically need to follow regulations of each jurisdiction where those investors are.

Peter: Right, right, okay. I want to talk about DeFi briefly here. I've heard you actually talk before about the institutional DeFi space which I would say is some would argue is an oxymoron, but I'm curious about how you view the DeFi space. Obviously, it feels still pretty nascent when it comes to institutions, how do you view it and how are institutions getting on board?

Carlos: First, I think DeFi is a fascinating space and is one of the biggest, if you want, innovation that the crypto space has brought up into because it has basically two things that you already know. One is it's a very simple way of creating warehouse facilities if you want for borrowing and lending, right, and then the second is that they have this concept of automated market making where you can basically make things that are otherwise illiquid more liquid, right, because you allow people to contribute to the liquidity pool. I think those things are fascinating, I see in the future that this will help applicability for digital asset securities as well, although there is a regulatory barrier there that we need to cross.

In terms of institutional options, I think you are right, but DeFi as it is today, they're talking about institutional DeFis and oxymoron because there's no institutions that will touch DeFi the way it is today for a reason because DeFi today is purely anonymous and permissionless, right. So, if you go to a DeFi pool and you lend money to somebody, you don't know who's taking the other side of the trade, it's the same thing that we couldn't do to liquidity to an automated market maker and that's ….for individuals that might be fine, but, you know, for institutions you might have on the other side of the trade somebody that's a sanction person from let's say Russia now or somebody from Afghanistan or from North Korea.

You have basically no idea who you're interacting with, right, there's no KYC, there's no AML, there's no tracking of the origin of the funds so this, obviously, poses a problem for institutions, but they're all looking at this because they think it's a great innovation that, you now, eliminates a lot of friction for

those type of financial institutions, right. So, when we talk about institutional DeFi, we're thinking about, at least at the minimum level, putting some sort of KYC and AML layer on top of the wallets that enter the liquidity pool because otherwise institutions will not be adopting, right, so…

Peter: Right. I see it's coming, I know there are lots of companies that are working that. So, speaking of large institutions, you've got Morgan Stanley, I notice is on your cap table, they invested in your Series B last year. I guess I'd love to know about your conversations with a company like Morgan Stanley because obviously they're one of the largest investment banks, they do massive deals and IPOs and different things that you're disrupting. I know you probably can't put words in their mouth but tell us a little bit about the conversations you've had with the Morgan Stanley people.

Carlos: Yeah. We have Morgan Stanley as an investor, they're actually still on the board as well, it's not the only financial institution we have as investor.

We, actually, in the past, we raised money before from Mouro Capital which is the venture capital firm owned by Banco Santander which is one of the largest ones in Europe, of course, we have raised money from Japanese institutions like Mitsubishi UFJ which is the largest bank there, Sumitomo Mitsui Trust Bank, Nomura Securities, etc. I think the reason these companies are interested in a company like ours is because first, by us being regulated and playing on the regulated side of things is a safer investment to them to get exposure into crypto as opposed to crypto companies that are operating in the, if you want, gray area from a regulatory perspective or completely unregulated offshore.

Second is because I think they all recognize that the current way capital markets are structured is a bit broken, right. There are so many intermediaries, there are so many inefficiencies, distribution of alternative assets is limited because of friction involved in the process, etc. and they see this as potentially the future of capital markets. I think for them to do it themselves will be too much because these are very, very large, as you said, incumbents in the industry and I think what they're doing is place bets on smaller companies like ours, let us flourish, let's say, in flourish reports because eventually that's what they need to be looking at doing, but today, it's too small for them to do it themselves and to move the needle against their traditional business.

Peter: Right, right. So, maybe we can close with just extending on what you just said there. I'd love to kind of get your vision for the future of capital markets, raising capital, trading securities, what's your vision for the future of all these?

Carlos: If you think about what the Internet brought and why the Internet has been so relevant is because basically the Internet as a public utility, if you want, has become this very, very efficient this side of the marketplace that brought supply and demand in certain industries in a very efficient way, right. If we can think of advertising before the Internet there was no efficient way to advertise, right, like a mass market brand like Coca-Cola, you have to advertise to everybody and not just people that are likely to drink Coca-Cola and the opposite of this is, more or less, the restaurant, there was no efficient way for you to advertise towards your niche audience of people that live nearby where the restaurant is located.

The Internet basically solved that problem by creating this very, very efficient two-sided marketplace like the long tail of advertising and those industries actually as opposed to what people thought became bigger, right, same as advertising, commerce, content distribution. I mean, it's like you guys distribute your podcast in an efficient way and communicate with your people in Twitter and other things that has allowed you to create this long tail of content that was not used before, right. So, we see public blockchains as like a long tail of capital markets, basically what public blockchains bring is a very efficient way to transact with things that represent value, value could be currencies, could be Stablecoins, could be securities in our case, could be collectibles with NFTs, etc.

Public blockchains are also creating this very efficient two-sided marketplaces that transact with these things that represent value that was very difficult to do before so if you apply this parallelism to capital markets, I think capital markets are the realm of very large banks and institutional investors for the most part, right. They're not accessible to every day investors and they are not accessible to small companies so we see platforms like ours and other people working in the space creating this long tail of capital markets where suddenly, both large funds can actually reach a broader type of audience and individual investors and vice versa. Small companies and individual investors have access to private capital markets functionality if they want in an efficient way that was not possible before because of the amount of intermediaries, the lack of digitization, etc.

Peter: Interesting, okay. Well, it's just going to be so interesting who can see how this all plays out. I feel like you've really created something that, you know, it's great because it's regulated, it's not in a gray area, everything is kind of, you know, here, above board and it's a really practical application of the blockchain and I think it's going to be fascinating to see how this all develops. Thank you very much, Carlos, for coming on the show.

Carlos: Well, thanks, Peter, for inviting me, it's been my pleasure.

Peter: You know, as I was just talking there, I really appreciate what they're trying to do with Securitize and I feel like it's great that there's……..you know, this is a really pretty clear cut use case for blockchain and it's pretty easy to explain and you can see the real advantages in, you know, having cap tables basically operate on the blockchain where they're immutable, where they're transparent, with a smart contract, with cap tables that are operating in spreadsheets or on pieces of paper, that feels like a 20th century way of doing things. And so, I tend to agree with what Carlos is saying, this feels like something that is a natural evolution and that, you know, I imagine all companies will be operating in some kind of digital smart contract way in the future.

Anyway, on that note, I will sign off. I very much appreciate you listening and I'll catch you next time. Bye.

(music)