
BLOCKCHAIN MEETS ETFS

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Last week's "Behind the Markets" podcast featured Dan Doney, CEO of Securrency, a [blockchain](#)-based financial infrastructure company, and Will Peck, Director of Corporate Strategy for WisdomTree.

WisdomTree recently led Securrency's Series A financing round because it was attracted by Securrency's team and its emphasis on the importance of compliance in the new digital ecosystem. Other investors in the round included the Abu Dhabi Investment Office, Japanese financial services giant Monex Group, Inc. and venture capital firms RRE Ventures, Strawberry Creek Ventures and Pantera Capital Investments.

Securrency built technology specifically to ensure digital asset transactions (on public blockchains such as Ethereum) are compliant with applicable laws and regulations, including know your customer (KYC) and anti-money laundering (AML) rules.

Peck described WisdomTree's interest in Securrency as stemming from a search for structures or technologies that could enhance exchange-traded funds (ETFs) beyond the way that ETFs disrupted traditional mutual funds to create better investment outcomes.

WisdomTree believes the blockchain has the potential to improve experiences for financial transactions, such as by making transaction settlement times almost immediate. But Peck also believes the ETF structure can enhance elements of the [crypto](#) world as well. While there are crypto tokens that are linked to traditional financial assets, such as the U.S. dollar, WisdomTree believes the ETF structure could bring investors a better experience in the crypto ecosystem. Enhancements could include, but are not limited to, the disclosure and protections of being a regulated security under the Investment Company Act of 1940 as well as the ability to pay interest.

To pursue these goals, WisdomTree has announced that it is pursuing the integration of blockchain technology into the ETF ecosystem to enable access to ETFs via the blockchain. WisdomTree expects these innovations will be compliant with existing laws and regulations, including relevant securities laws.

Peck said that the project is still in its early days, and it is subject to discussions with regulators, but that WisdomTree is excited to continue to pursue the initiative.

Intelligence Agency Background

Doney spent time in the National Security Agency post-9/11 working on artificial intelligence and algorithms. He then was the chief innovation officer at the Defense Intelligence Agency, where his role was to identify technologies that could help the government. Doney's first interest in the blockchain was to disrupt the bad actors who were utilizing blockchain for illicit commerce, and this led him to focus on who was conducting transactions and issues around identity in a digital world.

A Compliance Role

There are many technologies that can help verify a person's identity. But compliance is more than identity. If you are conducting securities transactions, you need to respect the laws in every jurisdiction. This global permission-setting feature is what Securrency's technology has focused on and where blockchain technologies are particularly useful.

Many people say bank processing times are slow and archaic. Doney believes most of this stems from compliance functions and that if you can automate it, you can change the cost model for how financial services are offered. Securrency's patent-pending Compliance Aware Token™ is the core innovation that allows for more-efficient compliant digital asset transactions.

International Presence

Doney discussed his firm's international location in Abu Dhabi, UAE. Securrency chose Abu Dhabi as its international office due to the pro-business environment, progressive regulators and central location between Europe and Asia.

For those who want to learn more about blockchain technology and the early applications for financial services, this was

a great full conversation. Please listen below.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

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You cannot invest directly in an index.

DEFINITIONS

Blockchain : a distributed ledger system in which a record of transactions made in cryptocurrencies are maintained across computers linked in a peer-to-peer network

Cryptocurrency : a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.