

Securrency: Optimizing Financial Logistics

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On April 26, Securrency, a company focused on blockchain-based financial and regulatory technology, announced the completion of its \$30 million Series B investment round. WisdomTree Investments, Inc., along with Abu Dhabi Catalyst Partners Limited, State Street, U.S. Bank and others, invested in the round. This investment follows our initial lead investment in Securrency's Series A round in late 2019.

WisdomTree is not a typical venture capital investor. We have a high strategic threshold for deploying our firm's balance sheet assets. As anyone who knows our firm's story can attest, we are big believers in the ETF structure. We came to blockchain infrastructure with a simple question: "What could do to ETFs, what ETFs did to mutual funds?" In retrospect, we should probably have rephrased the question. The foundational features of the ETF structure—transparency, liquidity, consistency—are not going anywhere. In a world where the Chair of the Federal Reserve comments publicly on a U.S. central bank digital currency (CBDC), Visa accepts a blockchain-based U.S. dollar as a settlement currency (USDC) and the market value of all Bitcoin is over \$1 trillion, we believe the bigger question today is, "What part of financial services won't be impacted by blockchain in the coming years?"

With that in mind, here are some things we're excited to see from Securrency:

Institutional DeFi: Decentralized finance (DeFi) has taken the world by storm—at least the early-moving crypto world. DeFi refers to decentralized applications used to deliver financial services.¹ A segment of early adopters may view the term 'institutional DeFi' as inherently inconsistent. That is fine. To us, DeFi has demonstrated the possibility of more automation, transparency and auditability in finance. We think these are qualities that will work just as well in an institutional, and regulated, environment.

Blockchain-enhanced compliance: After the early days of Silk Road and ICOs, the idea that blockchain could actually enhance regulatory compliance might strike many as odd. Securrency's team has taken a different approach from the start. Using smart contract engineering, Securrency has developed unique solutions for firms to conduct transactions that are compliant with securities law and anti-money laundering regulations in decentralized settings. The potential for this technology is immense, allowing for a more interconnected, interoperable and global financial system.

Financial logistics: Ultimately, Securrency has been focused on delivering better financial logistics—figuring out how to move different forms of value from point A to point B in a manner that is fast, cheap and compliant. Optimizing for financial logistics should allow firms to offer financial services at lower price points with a better user experience. Recent news events, such as the GameStop/Robinhood saga, have only demonstrated the benefits improved financial logistics will bring to market participants.

At WisdomTree, we have talked a bit about our product development efforts with Securrency. The completion of the Series B investment round represents an important milestone in these continued efforts. Among our initiatives will be evolving the 1940 Act open-end fund by leveraging blockchain and Securrency's technology. We will start with one of the hallmarks of ETFs—transparency—and over time seek to add other features, including peer-to-peer transfers and secondary market trading. Our aim is to provide the blockchain-enabled WisdomTree Funds with features that extend beyond traditional ETFs while leveraging our Modern Alpha approach. Ultimately, WisdomTree's vision is to create an ecosystem that brings the benefits of blockchain to a greater population, with the goal of fostering greater financial inclusion and financial freedom. Over the coming months, we'll have more updates on these efforts.

1A definition from Andreessen Horowitz: "DeFi" refers to dApps [decentralized applications] for finance, such as exchange, lending, and saving. DeFi applications inherit the properties of blockchains — digital, open, and decentralized— — because they are encoded in the smart contracts on crypto networks. They combine traditional finance with the power of software to enable vastly more programmable and powerful financial applications. [Crypto Glossary: Cryptocurrencies and Blockchain - Andreessen Horowitz \(a16z.com\)](#)

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