AUDACTUS
Sustainable Growth Makers

Digital Assets Week – New York City
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Key takeaways of the panels

Executive Summary

The financial services industry has reached a pivotal inflection point, transitioning from years of theoretical "proof of concepts" to operational "proof points." The consensus among global regulators and major financial institutions is that the tokenization of real-world assets (RWA) and the modernization of market infrastructure are no longer future possibilities but current realities.

Critical Takeaways:

- **Production Deadlines:** The Depository Trust & Clearing Corporation (DTCC) has announced a phased rollout of its tokenization service beginning July 15, 2026, with a full release in October. This marks the move of $115 trillion in securities toward eventual digital representation.
- **Regulatory Shift:** In the U.S., the SEC's posture has moved from an enforcement-led approach to one of collaborative engagement. The introduction of a clear taxonomy (Native, Twin, and Synthetic tokens) and no-action letters for pilots (e.g., DTC) provide the legal certainty required for institutional scale.
- **High-Value Use Cases:** Collateral management and liquidity optimization are the primary drivers of immediate adoption. Tokenized Money Market Funds (MMFs) used as collateral for derivatives and intraday repos represent the "low-hanging fruit" of the digital transition.
- **Infrastructure Convergence:** The boundary between TradFi and DeFi is blurring. Major banks are either building proprietary custody solutions or partnering with crypto-native firms to integrate advanced cybersecurity (HSM/MPC) into their risk frameworks.
- **Interoperability as the "Central Bridge":** No single chain will dominate the market. The winning future state is a multi-chain ecosystem where fragmented ledgers are connected through standardized data protocols and legal frameworks.

I. The Regulatory Landscape: From Hostility to Clarity

Over the past year, the regulatory environment for digital assets has undergone a significant transformation, moving toward a framework that supports innovation while maintaining market integrity.

The SEC's Strategic Pivot

Recent leadership at the SEC has shifted away from declaring "everything is a security" without providing a path to compliance. Instead, the Commission is focusing on:

- **Clear Taxonomy:** Distinguishing between **Issuer Native** (issued directly on-chain), **Digital Twins** (on-chain representation of off-chain assets), and **Synthetic Tokens** (providing economic exposure without ownership of the underlier).
- **Innovation Exemptions:** Discussions are underway regarding exemptions for **Regulation NMS** (National Market System – NYSE, NASDAQ) to facilitate the trading of stocks on automated market makers (AMMs) while **trade-through rule** might be revisited. Currently, many synthetic versions of public equities trade on DeFi platforms offshore to avoid US regulatory hurdles. The Innovation Exemption is intended to bring this activity back into a compliant
- **No-Action Relief:** The Division of Trading and Markets has issued guidance allowing entities like the DTC to pilot tokenization by moving securities into omnibus accounts and minting tokens for broker-dealer wallets without undergoing the typical 240-day rule-change process.

Global Regulatory Benchmarks

Different jurisdictions are progressing at varying speeds, creating a competitive global map:

- **U.S. Legislation:** The industry is awaiting the passage of the "Clarity Act" to provide permanent rule-based certainty for capital treatment and customer protection (Custody Rule 15c3-3), as well as whether the blockchain can serve as the master security holder file for transfer agents (Rule 17ad). While the SEC has indicated that parts of these records can live on-chain, issues like privacy (names and addresses on public chains) and human-legibility for examiners remain challenges
- **E.U. Legislation:** Europe has positioned itself as a pioneer with the MiCA (Markets in Crypto-Assets) framework, which establishes a specific licensing regime for stablecoin issuers. This regulation serves as a global benchmark by prioritizing consumer protection and imposing a strict distinction between non-interest-bearing payment stablecoins and investment products
- **Dubai (VARA):** The world's first dedicated virtual asset regulator, focusing on regulating activity rather than technology.
- **Hong Kong:** Actively exploring stablecoin ordinances and CBDC connectivity (Project e-MCBC) to modernize cross-border payments.
- **Fragmentation vs. Harmonization:** While MiCA provides structural clarity, there is a risk that its rules may limit the global flow of assets if they are not harmonized with other major jurisdictions, such as the U.S. or Hong Kong, limiting the free flow of capital.

II. Tokenization: Market Maturity and Use Cases

Tokenization is being applied across a broad spectrum of assets, with private markets currently seeing the most significant "alpha" opportunities.

Asset Class Adoption

Asset Class	Primary Value Proposition	Current Status
Money Market Funds	24/7 liquidity, collateral mobility	High adoption (BlackRock, Franklin Templeton).
Private Credit	Lowering "sub-scale" entry costs for family offices	Emerging as a major funding rail for pre-IPO firms.
Real Estate/RWA	Fractional ownership, 10-30x reduction in access costs	2,000+ investors already active in Dubai real estate on-chain.
Equities	Intraday settlement, T+0 capability	Pilots active; full production expected in late 2026.

The "Choreography" of Collateral

The industry is moving beyond simply minting tokens to "choreographing" their movement. Tokenized collateral allows for:

- **Eliminating Trapped Capital:** Mobilizing assets that are typically stagnant in T+2 settlement cycles.
- **Instant Substitution:** Replacing cash margin with tokenized MMF shares automatically to meet margin requirements.
- **Reuse and Hypothecation:** Streamlining the ability for banks to repurpose collateral, reducing funding costs.

III. Institutional Infrastructure and Custody

The "perimeter" of bank security is evolving as institutions move toward a hybrid model of self-custody and partnership.

Custody Models

1. **Proprietary Build and Aggregator of Blocks:** Large banks (e.g., Citi) are building in-house solutions combined with third party tech blocks to leverage their existing balance sheets and 100-year histories of trust.
2. **Tech Partnerships:** Institutions are partnering with firms like Taurus or Blockstream for those looking at full tech stack as a one stop shop.
3. **On-Premise vs. Cloud:** There is a renewed interest in on-premise solutions to maintain "self-sovereignty" over private keys, reducing the attack surface created by third-party cloud providers.
4. **Key Insight:** *"The perimeter is an illusion. It is not about building a fortress, but about managing risk within a regulatory and technology framework that offers 24/7 accessibility."*

IV. Stablecoins vs. Tokenized deposits

Stablecoins

Stablecoins have demonstrated significant product-market fit, particularly as essential **trading pairs for crypto-native assets** and as efficient vehicles for **cross-border payments** in emerging economies where traditional dollar access is restricted. Their primary strengths include 24/7 liquidity, immediate utility for decentralized finance (DeFi) applications, and the ability to reach underserved communities more affordably than legacy bank rails. However, stablecoins face some roadblocks, most notably their subjection to stringent "travel rule" requirements and the **lack of a universal regulatory framework**, which can lead to friction in cross-border scaling. Furthermore, they are often viewed with cautious by global regulators concerned about the "dollarization" of local currencies and the absence of a risk-free anchor typically provided by central bank money.

Tokenized deposits

are the strategic response of traditional financial institutions to digital modernization, functioning as a regulated extension of the bank's balance sheet. Their core strength lies in their integration with existing **credit creation** and **fractional reserve systems**, allowing banks to maintain their role as intermediaries while offering a practical, commercialized product to their clients. Because tokenized deposits do not require the "regulatory arbitrage" often associated with private stablecoins, they are perceived as more stable for wholesale institutional flows and large-value settlements. Their current weakness is **fragmentation**; unlike stablecoins on public ledgers, tokenized deposits often operate within permissioned environments or "walled gardens," which can limit their **interoperability**.

The industry anticipates a hybrid future where these various forms of digital money coexist to enhance collateral mobility and systemic resilience.

Key Institutional Insights

Feature	Stablecoins	Tokenized Deposits
Primary Use Case	Crypto-asset trading pairs and cross-border retail payments.	Wholesale settlement, liquidity management, and credit creation.
Market Scale	~$320 billion (dominant digital settlement asset).	Emerging institutional focus for TradFi "plumbing" upgrades.
Regulatory Framework	Subject to new rulemaking (e.g., Genius Act) and OFAC compliance.	Governed by banking laws; treated similarly to traditional deposits.
Velocity/Access	High interoperability across DeFi and public blockchains.	24/7 instantaneous movement within bank-intermediated systems.
Risk Profile	Requires proof of reserves; perceived as higher risk by TradFi.	Anchored in central bank money trust and institutional balance sheets.

V. Settlement, Finality, and Interoperability

As markets move toward 24/7 trading, the underlying settlement rails must become more "intelligent" and adaptive.

Settlement Quality vs. Speed

While T+0 (atomic settlement) is a significant goal, the industry recognizes that **Settlement Quality** is more important than speed.

- **Finality:** Obligations must be extinguished in a regulated payment system environment (e.g., Finality Ltd) to prevent systemic risk.
- **Liquidity Optimization:** T+0 is not always desirable for large institutional flows that benefit from netting. The future will likely see a mix of T+0 for retail/repos and optimized windows for high-value institutional trades.

The Interoperability Challenge

Interoperability is defined not just as a technical link, but as the seamless communication of legal, operational, and governance standards across chains.

- **Fragmentation Risk:** Tokenization without interoperability risks creating new "walled gardens" that make markets less efficient.
- **Data Standardization:** The industry requires shared protocols (e.g., ERC-3642 or FIN P2P) so that the legal framework of an asset travels with its token, regardless of the host ledger.

VI. Future Outlook: AI and Market Evolution

The next decade of financial market infrastructure will be defined by "Self-Optimizing Networks."

- **AI Integration:** Artificial Intelligence will increasingly be used to optimize liquidity, manage settlement failures before they occur, and scrub data rooms for GP/LP matching in private markets.
- **Market Consolidation:** A wave of M&A is expected over the next 12–18 months as TradFi incumbents acquire crypto-native technology firms to bridge the "technical debt" gap.
- **The 24/7 Reality:** Retail demand and global geopolitical events (e.g., weekend volatility) are making 24/7 trading table stakes. This requires "24/7 collateral mobility" to prevent market dislocations during traditional banking closures.

Concluding Call to Action

The path forward is actionable: institutions must move from "flag-planting" to production. Success will be measured by the ability to integrate digital rails with existing legacy systems, ensuring that the safety and resilience of the current financial system are enhanced, not compromised, by the digital transition.

White Paper by Audactus

Tokenized Assets and Digital Currencies, briding Financial Institution and on-chain ecosystem

1. **Definitions and Concepts**
2. **On-chain ecosystem**
3. **Market Landscape and Outlook**
4. **Selected use cases** (e.g. FX cross-border payment, collateral mobility, securities issuance and lifecycle)
5. **Use case implementation playbook** (compliance, risk, operations and tech readiness)

- **Capital Market**
- **Asset Manager**
- **Corporate Banking**
- **Hedge Funds**

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AUDACTUS

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Management Consulting

New York City

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Audactus is a New York City–based management consulting firm specializing in the banking industry. We believe mid-sized **Foreign Banking Organizations** deserve a **trusted and committed partner** while large traditional consulting firms often underserve clients, with fees misaligned to outcomes. Driven by a strong **problem-solving mindset**, our mission is to bring **tailored, clear, and actionable strategic recommendations**, and to support their **operational execution**. As an international team, we work closely with your teams to align stakeholders around shared objectives, ensuring the successful delivery of sustainable growth within a robust risk framework.

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- Frameworks issued from **top tier consulting**

WHAT WE HAVE DELIVERED (EXTRACT)

- Structuring and lifecycle management of a project portfolio for a European bank's U.S. branch
- Execution of the integration of Credit Default Swaps into the derivatives product mix for an EU bank's NY branch
- Carve-out of a European asset manager's U.S. operations in the context of a divestiture
- Design and implementation of the operating model for a KYC remediation program at a global bank in Europe
- Selection of a fintech solution to automate the letters of credit product line for a European bank's New York branch
- Launch of a new Energy & Commodities business franchise for a global European bank
- Development of a capacity plan for an offshored back office

WHAT WE OFFER

Business and growth strategy

- Market outlook and competitive landscape
- Strategic planning
- Business plan and P&L forecast
- Partnership strategy

Operations effectiveness

- FO-to-BO process lean management
- Outsourcing / offshoring program
- Data management and reporting

Risk management

- Remediation program
- KYC / AML and CFT
- US compliance framework (LRR mapping, CRA, M&T)
- US risk enterprise framework (RCSA, KRI, Issue Mgt, BCP, Cyber/Security, TPRM)

Change management

- Project portfolio management
- Investment governance
- Vendor selection + RFP / RFQ
- PMO

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Audactus LLC ♦ 231 E 96th Street, NY, New York City 10128 ♦ info@audactus.com ♦ (646) 986 4511 ♦