

Canadian Tokenized Securities Trading Platform Announced

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The Canadian Securities Exchange (“CSE”) announced a proposed securities clearing and settlement platform based on blockchain technology. The platform is intended to enable companies to issue conventional equity and debt through tokenized securities, which would be offered to investors through, what the CSE is calling, “Security Token Offerings” or “STOs”. The CSE expects major benefits to investors and the Canadian financial services community, including real-time clearing and settlement and substantial cost and error reductions compared to conventional clearing services. The CSE intends to file an application with Canadian regulators to recognize the new clearing house, which it will operate. While most ICOs and ITOs have attempted to avoid any regulation under the securities laws of any jurisdiction, STOs will require that issuers “walk in the front door”. Issuers will submit themselves to full compliance under Canadian securities laws and the rules of the CSE, providing investors with greater transparency, enhanced disclosure, and real protections.

The CSE also announced that it had signed a Memorandum of Understanding with Kabuni Technologies Inc., a private manufacturing tech company based in Vancouver, British Columbia, which appeared to have intentions to issue a utility token (to be used to perform transactions, recording payment and distributing royalties instantly on the public-ledger). While the future of this utility token is not clear, Kabuni intends to file a prospectus with the British Columbia Securities Commission for approval to issue tokens to investors through an STO. The CSE noted that these tokens would be traded on the CSE’s existing equity trading platform. This would mark the first time a tokenized security has been listed for trading on a recognized securities exchange. If these tokens are the utility token that Kabuni has plans for, it will be an interesting experiment in how an exchange traded security would also be used off-exchange, and how those 2 systems would interact.

To view the CSE's announcement, please click [here](#).

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