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Target:  Securrency

Buyer: **DTCC**

Depository Trust & Clearing Corp. acquires Securrency for \$50M

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Transaction Overview

On October 19, 2023, DTCC [announced](#) its agreement to acquire the blockchain-based tokenization firm Securrency for \$50M.

Target: Securrency

Securrency is a developer of institutional-grade tokenization, compliance and account management platform that allows broker-dealers, issuers, and alternative trading systems to issue and trade digital securities. Securrency has four product and service offerings: 1) digital assets marketplace (Capital Markets Platform), 2) tokenization of assets, 3) Web3 focused data processing engine, and 4) DApp development platform.

Securrency's patented Compliance Aware Token Framework allows its asset management users like WisdomTree to incorporate compliance functions within the token structures to meet regulatory requirements. Securrency has a strategic partnership with State Street and customers include Stellar, Cascade, Ownera, and Opencrowd. Securrency also had a blockchain-enabled brokerage subsidiary regulated by the FSRA in Abu Dhabi, known as Securrency Capital.

Securrency's closest competitors include INX, ADDX, Securitize, Republic, HG Exchange, Archax, and Templum.

The Company was founded in 2015 in Washington DC by Don Daney (Co-Founder & CTO) and John Hansel (Co-Founder & COO), and now has over 220 employees. The current and recently appointed CEO is Nadine Chakar, who previously headed State Street Digital. Securrency has raised a total of \$49.5M in capital from two rounds of seed funding: Series A in 2019, led by WisdomTree, and Series B in March 2021, led by Catalyst Partners, State Street, and US Bank. Their latest valuation was \$100M in their Series B.

Buyer: Depository Trust & Clearing Corp (DTCC)

DTCC - the leading post-trade market infrastructure for the global financial services industry - automates, centralizes, and standardizes the processing, clearing, and settlement of the majority of financial transactions within the United States. DTCC is owned by a consortium of users, including financial institutions such as Citigroup, BNP Paribas, JP Morgan, State Street, UBS, Goldman Sachs, Barclays, and Morgan Stanley. Other business partners of DTCC include financial services and data analytics companies, such as BlackRock, Broadridge,

Snowflake, and Adenza. DTCC processes over \$2.5 quadrillion worth of securities every year, leading to annual revenues of \$2B+, and total assets of \$81B.

William Dentzer founded DTC in 1973, which later became DTCC in 1999. Frank La Salla is the current CEO and heads over 4,300 employees across the world. The company is headquartered in New York, New York.

DTCC is an early leader in leveraging distributed ledger technology to improve processes with three publicly announced initiatives: 1) Project Ion - a settlement platform for bilateral equity transactions; 2) Project Whitney - a full lifecycle platform for private markets assets, including issuance, distribution and secondary transfers; and 3) Project Lithium - a platform that supports CBDC initiatives.

The Securrency acquisition is DTCC's first acquisition since 2013, when they acquired post-trade processing firm Omgeo.

Transaction Parameters

DTCC agreed to acquire Securrency for \$50M with an undisclosed mix of cash, debt, and equity. The deal is expected to close within the next few weeks, when Securrency will become DTCC Digital Assets.

Comparable digital asset tokenization transactions include Fireblocks | BlockFold (\$6.3M), Vero | Tokenise Stock Exchange (ND), NowCM | Nivaura (ND), and Alta | HG Exchange (ND).

Strategic Rationale

DTCC has four main strategic priorities: 1) developing products and services to address the gap in market infrastructure, 2) establishing a control framework for digital asset securities, 3) executing client-driven pilots aligned to the firm's core services, and 4) advancing industry-wide interoperability to inform future connectivity models.

Tokenization has not lived up to its promise yet, and the fundamental way to move the industry forward is by having a critically important market participant make a significant investment in technology. You can't get more critical than DTCC. DTCC has been forward-thinking in its use of blockchain, and the cost and operational efficiencies are well-suited for DTCC to impact the entire securities industry.

Through this acquisition, DTCC formalizes its current DLT pilot initiatives and is expected to deliver an institutional post-trade platform that supports most digital asset products, including existing securities wrapped in a digital structure and digitally native, on-chain assets.

Architect Partners' Observations

This bridge transaction is an important signal to the rest of the capital markets industry as DTCC is planting its flag to defend its market-dominating position ahead of traditional assets moving to digital assets.



DTCC is a truly unique market participant from both a clearing licensing perspective and a “everyone in the industry uses them” perspective. Asset managers, broker-dealers, custodians, banks, and service providers - basically the entire capital markets industry - will eventually be users of DLT products, whether they know it or not.

DTCC has been piloting DLT solutions since 2022 and acquiring Securrency indicates the promise of DLT is now a reality.

Sources

PitchBook, DTCC Website, Securrency Website