



Issuing Digital Securities on Liquid



Liquid is purpose-built for securities issuance, helping form the infrastructure for a robust economy retooled using blockchain technology.

Modern financial products like equity, bonds, and securities can thrive as sound assets on Liquid.



Digital Securities

Offers cost-efficient access to global liquidity and allows greater flexibility and freedom of use.



Financial Infrastructure

Liquid expands the financial options available to businesses, helping form the infrastructure needed for a robust system built on the blockchain.



Risk Averse

Liquid had no ICO, and its native asset is Bitcoin, the only crypto asset that does not pass the Howey Test.



Regulatory Compliant

AMP is an all-in-one asset manager with flexibility to adapt to shifting regulations



Growing Ecosystem

Liquid has a global presence, comprising more than 60 leading exchanges, trading desks, wallets, and infrastructure companies.

Why Digital Securities

The background features a dark blue gradient with a series of thin, golden-yellow lines that flow and curve across the frame, creating a sense of motion and digital connectivity. The lines are most dense and bright in the lower right quadrant, fading towards the top and left.

Benefits of Digitalization

Digitalization (sometimes referred to as tokenization) offers issuers **cost-efficient** access to **global liquidity** and allows investors a much greater degree of flexibility and **freedom of use**.



Global Liquidity

Digitalization allows issuers access to a much broader universe of investors



Real-Time Settlement

Faster settlement allows traders more flexibility in capital management



24/7/365 Trading

Allows investors a greater degree of control over their assets



Low Friction

Investors can withdraw assets from the platform, participate in P2P trading and self custody assets



Cost Efficient

Lower issuance costs open global capital markets to a much broader universe of issuers

Digital Securities

Digital securities are superior to their conventional and non-blockchain counterparts.



Improved Technology

Reduced costs, friction, intermediaries, barriers to entry, risk, ease of use, innovation, interoperability, liquidity, and speed.



More Market Oriented

Greater accessibility (reduced unit price, geographical and hours), transparency, stakeholder engagement, price signal, and marketing visibility that also meets compliance laws.



Enhanced Tradeability

The tokens themselves also have enhanced attributes, including fungibility, scarcity, durability, divisibility, portability, and acceptability.

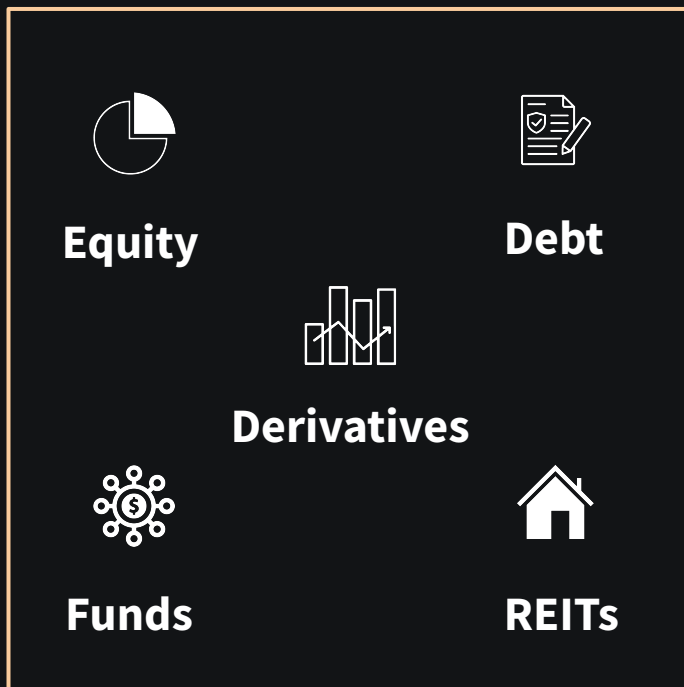
	STO/DSO	ICO	IPO
Regulated	✓	✗	✓
KYC/AML	✓	✗	✓
Issuer Obligations	✓	✗	✓
Investor Rights	✓	✗	✓
24 Hour Trading	✓	✓	✗
Withdrawal	✓	✓	✗
P2P Trading	✓	✓	✗
Self Custody	✓	✓	✗
Global Liquidity	✓	✓	✗
Issuance Cost	Low	Low	High
Asset Type	Equity, Debt, Funds, REITs	Early stage, speculative	Equity, Debt, Funds, REITs

Best of Old and New Finance

Digital securities offerings (DSOs) provide many of the benefits of ICOs, but with clearly defined issuer obligations, investor rights, and regulatory oversight.

Opportunity

Adding up the total value of global capital markets, the STO opportunity is easily in the trillions of dollars.



Democratization

A small percentage of global capital markets is publicly traded. By democratizing access, the digital securities market could dwarf anything in comparison today.

Adoption

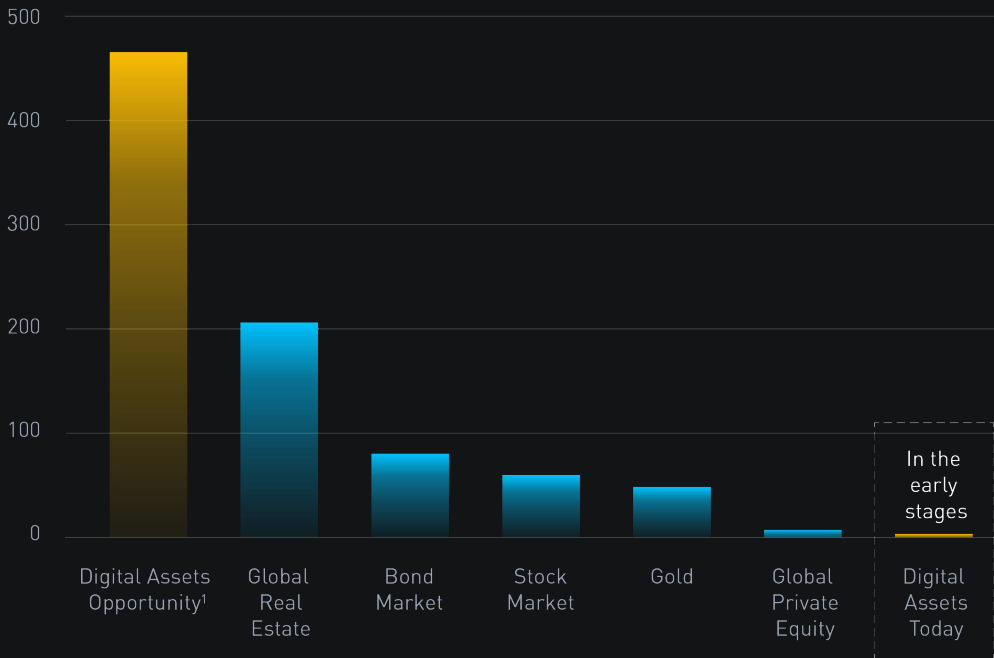
Given advantages in efficiency, cost, and user experience the transition to a digital asset economy will be exponential.

The Digital Economy is a Multi-Trillion Dollar Opportunity

Digital assets can unlock enormous value from traditional asset classes

“100% of the stocks and bonds trading on Wall Street today could be tokenized, and in five years 100% of the stocks and bonds on Wall Street will be tokenized.”

- Robert Greifeld, Former Chairman and CEO of NASDAQ



(1) Sum of all other asset classes on chart

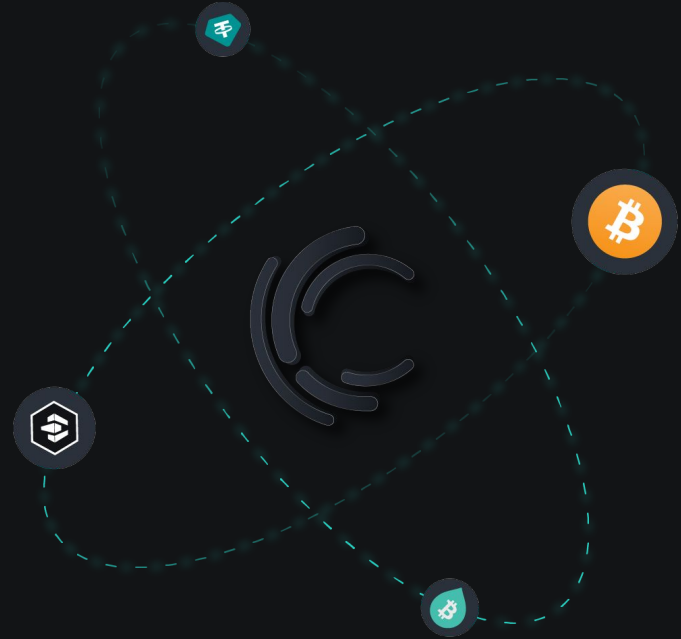


Why Liquid

The **Liquid Network**

Liquid is a Bitcoin layer-2 solution enabling fast, confidential transactions and issuance of digital assets, such as stablecoins, security tokens, and other financial instruments, on top of Bitcoin.

Each issued asset can be traded freely within the network, taking advantage of Liquid's confidentiality, speed, and secure trading features.



Bitcoin, Not Crypto

 Investopedia

SEC Chair Says Bitcoin Is Not A Security

By RAKESH SHARMA Updated June 25, 2019

 CoinDesk

US Sen. Cynthia Lummis: Ether Is Now a Security; My Bill Might Have Stopped FTX

Fran Velasquez
December 7, 2022 · 2 min read

WSJ


Bitcoin Isn't a Currency, It's a Commodity—Price It That Way

Forbes

FORBES DIGITAL ASSETS

What Is Bitcoin? The Discovery Of The First 'Digital Commodity'


Philipp Sandner

 yahoo!

SEC staff claim that 'Bitcoin is not a security'

Oliver Knight
October 7, 2019



 yahoo!

SEC's Gensler Reiterates Bitcoin Alone Is a Commodity. Is He Right?

Daniel Kuhn
June 28, 2022 · 3 min read

In this article:

ETH-USD -2.38% ☆	BTC-USD -0.60% ☆
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 COINTELEGRAPH

PRASHANT JHA
DEC 01, 2022

CFTC chief says Bitcoin is the only commodity in the wake of FTX collapse

MARKETS INSIDER

Goldman Sachs says bitcoin is a commodity

Seth Archer Nov 29, 2017, 3:10 PM

Forbes

Forbes **DIGITAL ASSETS**

Dashboard Assets Research Events Crypto Portfolio

FORBES DIGITAL ASSETS • EDITORS' PICK

SEC Chairman Gary Gensler Implies That Ether Is A Security And Falls Under His Jurisdiction

Maria Gracia Santillana Linares
Forbes Staff

Built on Bitcoin

Bitcoin gains more sophisticated functionality through its second-layer solutions, like the issuance of digital assets and securities.

DIGITAL ASSET

STABLECOINS

SECURITIES

COMMODITIES

APPLICATION



LAYER 2



LAYER 1



Competitors: High-risk and unsecure

1. Native assets are speculative utility tokens that are at risk of being deemed securities.
2. Hundreds of billions of value lost due to security flaws and exploits.
3. Lack the financial privacy and discrete point of sale that investors and institutions desire.
4. Each transaction requires a fee regardless if it succeeds or fails, creating a poor user experience.
5. Network stability depends on the security and value of a utility token.
6. ICOs and premines create perverse incentives like maximizing the returns of its foundation.

Liquid: Purpose-built for asset issuance

1. Native asset is Bitcoin, which is increasingly viewed as the first and only digital commodity.
2. Built on Bitcoin's battle-tested codebase and shares many of the same core developers.
3. Keeps investors' financial data private or auditable—when needed.
4. Liquid uses Bitcoin's UTXO model for better security, privacy, and user experience.
5. Liquid utilizes a federated consensus and security model similar to the structure of the current financial system.
6. Liquid had no pre-mine or ICO. Instead, its peg to Bitcoin ensures that all users have equal access.

Risk Averse: Regulation

Altcoins chains with speculative utility tokens as their native asset, are increasingly scrutinized by regulatory agencies and are at risk of being deemed securities.

In contrast, Liquid's native asset is Bitcoin.

Howey Test

SEC Chairman Gensler stated that under the Howey Test—which determines whether a digital asset is subject to federal securities law—cryptocurrencies with staking could qualify as securities.

Regulatory Environment

SEC and the EU's MiCA have reiterated the distinction between Bitcoin and other cryptocurrencies.

Trading Venues

Today, Liquid assets are trading on regulated securities venues including a national stock exchange (MERJ Exchange).

Risk Averse: Technical

Overly expressive smart contracting languages lead to security flaws, exploits, and hundreds of billions of value hacked.

Liquid is purpose-built for standardized, scalable, and secure token issuance.

Battle-Tested

Bitcoin's codebase is 14+ years old, has hundreds of FOSS contributors, and has never been hacked.

Same Brain Trust

Liquid shares many of the same core developers as Bitcoin with new technologies like SegWit first appearing on Liquid.

Security-First

Liquid deploys a simple, low-level language based on Bitcoin's Script called Miniscript, further protecting it from bugs and vulnerabilities.



A comprehensive API for **issuing** and **managing** regulated digital assets on the Liquid Network.

Through its **tracking** and **authorization** features, Blockstream AMP is perfect for the issuance of stablecoins, digital securities, and attested assets.



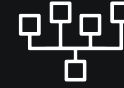
Multisig authorization

Transfer restrictions are secured with 2-of-2 multisig. The user controls one key and the issuer controls the other.



Supports third-party logic

Integrate a third-party authorization API while benefiting from the same reliable multisig enforcement.



Category-based restrictions

Transfers are only approved by the issuer's key if the recipient is registered and meets the categories as set by the issuer.



Freeze transactions

Freeze specific or all UTXOs to handle key-loss, audit, or dividend scenarios.



Issuers have control over the **full lifecycle** of their assets through **voting, whitelisting, reissuing, flexible equity and debt distributions, and other functionalities.**



Issue your asset in a few commands

Only a few lines of code are required to set up your asset's parameters and launch.



Issue now and update later

The multisig authorizer makes updating your restrictions easy. You don't have to get everything perfect at issuance.



Name, ticker, and icon included

Register your asset's name, ticker, and icon for display in apps integrated with the Blockstream Asset Registry.



Distribute vested tokens

Vested tokens can be distributed to users directly through Blockstream AMP.



Attach KYC information

Submitted KYC data can be attached to user account by providing an AMP ID



Create reports

A broad set of reports can be produced to cover ownership and transfer activity.



Record dividend disbursements

Keep all dividend disbursement records together with all the other data on your token's users.



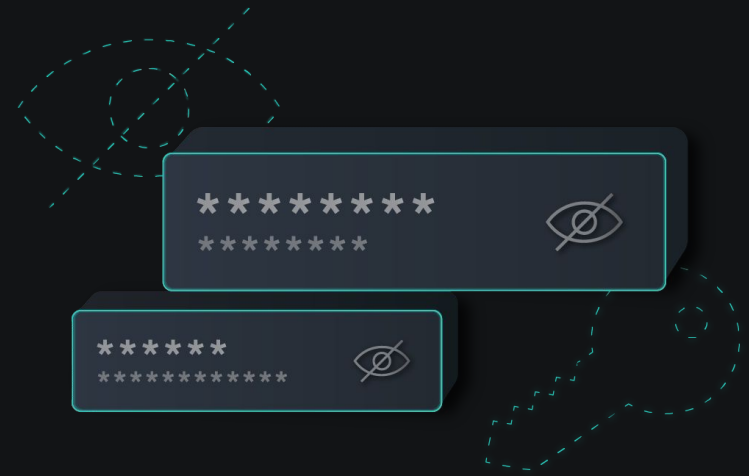
Enable investor voting

Issuers can allow holders of an AMP asset to vote on a matter in a publicly verifiable way.

Confidential and Auditable

Amounts and asset types can be selectively hidden on Liquid, with a special 'blinding key' available for auditors.




























































































With confidentiality baked in, investors' sensitive financial data stays secure from third parties, allowing for a discrete point of sale, and minimizing the front-running of trades.



Federations

Liquid utilizes a federated consensus that is complementary to how the current financial system is structured. Exchanges, clearing houses, CSDs, and banks work like a federation of members.

Transaction fees are also paid in bitcoin, the most liquid, least speculative and least volatile cryptocurrency, which places the focus on customers rather than early token holders.

BLOCK EXPLORERS  	CUSTODIANS 	GAMING  	DECENTRALIZED EXCHANGES   	MERCHANT PROCESSING     	
INFRASTRUCTURE               		EXCHANGES & BROKERAGES                      			
TRADING       		WALLETS         		MINING  	
DIGITAL ASSET MANAGERS   		INVESTMENT FUNDS  		NEO-BANKING 	TRUSTLESS LENDING  
NFT PLATFORMS    		SWAP PLATFORMS    		DIGITAL SECURITIES       	

Incentive Model

Liquid had no pre-mine or ICO. Instead, its peg to Bitcoin ensures that all users have equal access.

Liquid incentivises honest participation, making the chain more reliable and secure and, thereby, encouraging a wider adoption of Liquid assets.

Liquid has no shortcuts: users can only create value by providing it to others.



Issuance and Trading Venues

Bitfinex Securities, DIGTL, SideSwap, STOKR, and other Liquid members are global leaders in digital asset technology and trading.

 BITFINEX
Securities

A security token issuance and trading platform regulated by the AFSA and registered in the AIFC.

 DIGTL

Connects the world's best assets with global investors through a network of digital securities exchanges and its global regulatory infrastructure.

 SideSwap

The leading non-custodial wallet and decentralized trading venue, with direct listing and registration services provided by its subsidiary PEGx.

 STOKR

The only digital securities issuance platform in the EU that has VASP supervision from an EU member state.



	Crypto	Digital	Traditional
Direct Investor Access	✓	✓	✗
Crypto Funding	✓	✓	✗
Compliance	✗	✓	✓
Extended Trading Hours	✓	✓	✗
Immediate Settlement	✓	✓	✗
Investor Protections	✗	✓	✓
Technology Centric	✓	✓	✗
End-to-End Infrastructure	✓	✓	✗

Digital Securities Exchanges

Digital exchanges utilizing digital securities on Liquid offer the best of the crypto and traditional finance worlds.

Liquid will play a prominent role in anchoring financial products and services to blockchain technology by supplying investors, businesses, and governments with a secure network to trade, raise capital, or issue debt.

Digital Securities on Liquid

With the ability to customize the federation model in conjunction with the Blockstream AMP application, financial institutions can allow for a high level of granularity when defining the transfer and ownership of tokens, creating a value-add for the life cycle management of securities.



The Blockstream Mining Note is an EU-compliant security token that offers investors exposure to Bitcoin hashrate over a 36-month period.



In addition to in-game tokenized assets and a P2P marketplace, Infinite Fleet raised initial capital through their digital equity token, EXO.



Stablehouse worked with the Bermudian government to develop a testing program to demonstrate the feasibility of a digital token-based stimulus program.



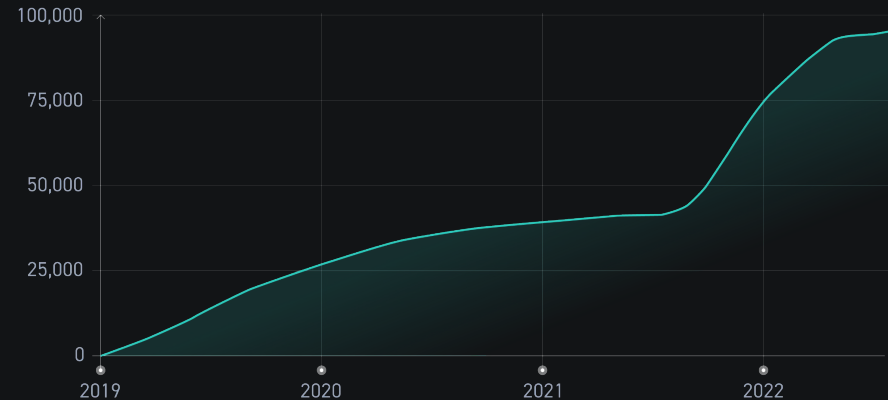
Global Liquidity

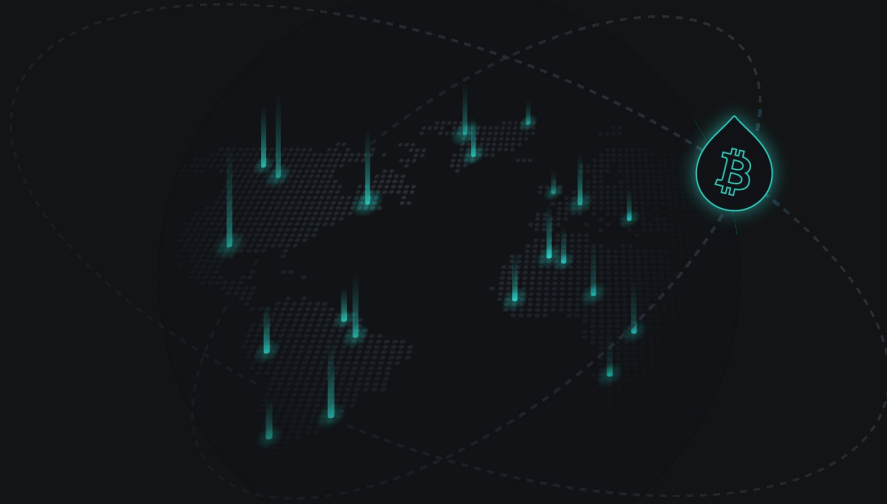
There's been a steady **rise in Liquid use**, most notably with digital securities issuance and trading.

The **BMN** has eight successful tranches and issuance of ~\$50M. Trading is happening across global platforms, two of which are regulated securities exchanges.

Another digital security, the **EXO** equity token, has a ~\$5M issuance with more than 1,000 investors.

Assets Issued





More information

business@liquid.net

Explore the BMN

blockstream.com/finance/bmn/

Issue an asset

blockstream.com/amp

Special thank you to Liquid members
Bitfinex Securities and DIGTL for their
expertise and feedback in the curation of
this deck.

Appendix

[Blockstream AMP case studies](#)

[BMN issuance on the block explorer](#)

[BMN dashboard](#)

[Complete list of platforms that provide Liquid-based services](#)