

## VIDEO TRANSCRIPT – DIGITAL ASSETS: FRACTIONALISATION

Digital assets bring significant benefits to both the end investor and any participant within the value chain. The asset itself will be transferable immutably between counterparties, improving trust and liquidity within market segments.

An additional benefit of digital assets should be the ability to open up markets that weren't currently available to certain investor types.

An example of improved investor accessibility could be the use of fractionalisation. We can use tokenisation or digital assets and fractionalise high value items to allow more accessibility in smaller value lots.

This could be a bond, it could be a bridge, it could be a shipping container.

We can take the 100% value of that asset and break it down into fractions. Then the end investors can purchase fractions of that asset instead of the whole.

At Northern Trust, we've been lucky to be involved in a couple of areas where we've tokenised assets.

One of them was our private equity ecosystem where we tokenized LPA agreements, or Private Equity funds, throughout the whole of their lifecycle.

More recently, we've been involved – in Singapore – with BondEvalue which is a digital bond exchange that is looking to tokenise and fractionalise bond trading.

If we took a two hundred thousand dollar government bond, fractionalised that into two hundred pieces - that would allow each end investor to purchase that bond at a thousand dollar lot. That's a really good example of what those sort of markets can deliver in terms of end investor value.

Although there's a lot to do with both the technology and the regulatory and legal structures, the upside is huge and we're really excited – at Northern Trust – about the opportunities digital assets and digital markets will bring over the next few years.

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### IN THIS VIDEO:

In our second video looking at Digital Assets, we explore Fractionalisation – the process of splitting an asset into multiple, smaller lots – and the benefits of this process to market accessibility.

#### Justin Chapman

Global Head of Market Advocacy and  
Innovation Research  
Product Executive, Securities Services  
*Corporate & Institutional Services*

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