

Canadian Exchange Aims to Build Clearinghouse for Digital Tokens 2018-02-13 16:02:09.711 GMT

By Doug Alexander

(Bloomberg) -- The Canadian Securities Exchange plans to create a clearing house based on blockchain, giving companies an outlet to issue equity and debt through digital tokens within a regulatory framework.

The Canadian bourse will build the clearing and settlement platform for so-called security token offerings, which would be subject to full regulation by securities commissions, the Toronto-based company said Tuesday in a statement. The CSE said it plans to apply for approval from regulators for the clearinghouse, which it will operate.

"The Canadian Securities Exchange expects to be the first recognized exchange in Canada to introduce a fully developed Blockchain platform for trading, clearing and settling tokenized securities," CSE Chief Executive Officer Richard Carleton said in the statement. "By harnessing this technology, the potential exists to extend corporate finance beyond the limits of traditional equity and debt offerings."

The CSE has made its mark in Canada's capital markets by offering an alternative marketplace to the TMX Group Ltd. TSX Venture and Toronto Stock Exchange. **The exchange, which is 49 percent owned by Urbana Corp.**, has become a haven for smaller companies, especially those tied to the country's burgeoning medical marijuana industry and cryptocurrencies, Blockchain and other emerging technologies.

The CSE also said signed an agreement with 3D printing firm Kabuni Technologies Inc., which plans to issue tokens to investors and have them traded on the CSE's existing equity trading platform. Vancouver-based Kabuni said Tuesday in a separate release that it intends to file a prospectus for its security token offering with the British Columbia Securities Commission.

"The tokens would be traded on the CSE's existing equity trading platform," according to the statement. "This would mark the first time a tokenized security has been listed for trading on a recognized securities exchange."

The CSE is licensing the technology for the clearing house from New York-based Fundamental Interactions Inc.