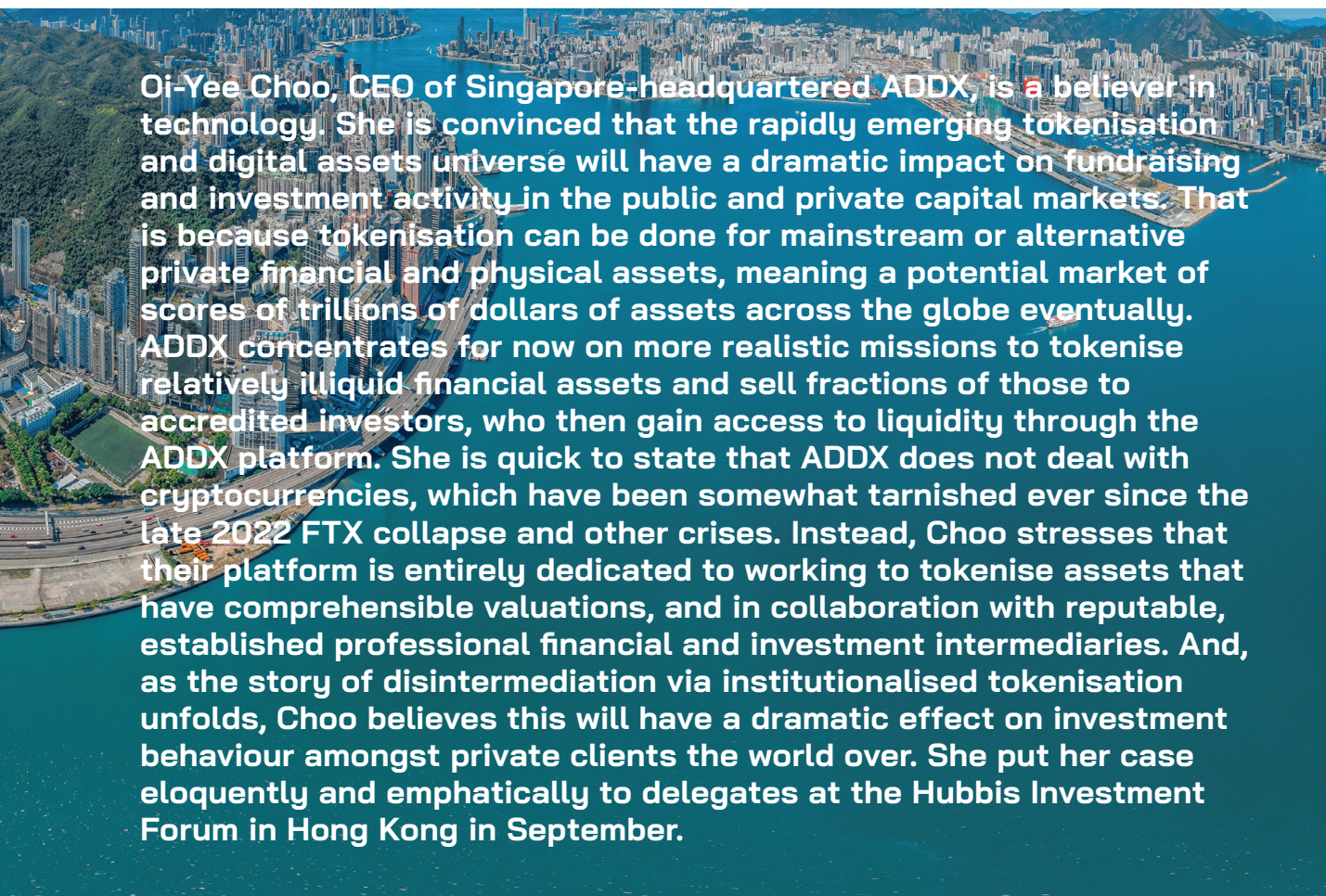


ADDX CEO Hails the Dawn of a New World of Tokenisation and Explains How TradFi Conventions Go Digital



Oi-Yee Choo, CEO of Singapore-headquartered ADDX, is a believer in technology. She is convinced that the rapidly emerging tokenisation and digital assets universe will have a dramatic impact on fundraising and investment activity in the public and private capital markets. That is because tokenisation can be done for mainstream or alternative private financial and physical assets, meaning a potential market of scores of trillions of dollars of assets across the globe eventually. ADDX concentrates for now on more realistic missions to tokenise relatively illiquid financial assets and sell fractions of those to accredited investors, who then gain access to liquidity through the ADDX platform. She is quick to state that ADDX does not deal with cryptocurrencies, which have been somewhat tarnished ever since the late 2022 FTX collapse and other crises. Instead, Choo stresses that their platform is entirely dedicated to working to tokenise assets that have comprehensible valuations, and in collaboration with reputable, established professional financial and investment intermediaries. And, as the story of disintermediation via institutionalised tokenisation unfolds, Choo believes this will have a dramatic effect on investment behaviour amongst private clients the world over. She put her case eloquently and emphatically to delegates at the Hubbis Investment Forum in Hong Kong in September.

GET IN TOUCH

[View Oi-Yee Choo's LinkedIn Profile](#)

[Find out more about ADDX](#)



OI-YEE CHOO
CEO
ADDX

ADDX is a Singapore headquartered alternative investment platform that was founded in 2017 and began operating as a regulated entity in 2020. ADDX is licensed and

worth over USD730 million since inception. [See 'ADDX – A Brief History' below].

Choo conceded to guests that digital assets are somewhat controversial nowadays, largely because of the links to cryptocurrencies. But the ADDX model has no truck with the world of cryptos other than that its underlying technology is the blockchain, Choo explained, utilised for the delivery of an incontrovertible smart ledger that defines ownership and transfer of ownership of any of the tokenised assets.

Atomic reactions

She said the ledger allows for digitisation of post-trade and all the typical mainstream corporate actions that take place post-trade in traditional finance. It also allows

through tokenisation, they can be fractionalised and rendered liquid."

Cross the bridges between mainstream and digistream

Choo then explained more about the linkages to real-world, traditional finance protocols, noting that when setting out, the MAS was clear that they wanted to see a replication of sorts of traditional regulatory frameworks, for example, KYC, AML, and cybersecurity, amongst others. "And that is exactly what we have done with our platform," she stated.

ADDX also has a formalised, understandable listing process for new tokenisations, with an independent listing committee that approves projects or funds that are to be listed on the platform.

« "We are taking the traditional processes and practices around funds, listings and trading, and transitioning them all to a digital native format." »

overseen by the well-respected Monetary Authority of Singapore. It employs blockchain and smart contract technology to tokenise and fractionalise multiple types of assets, such as private equity, wholesale bonds and unicorn funds.

The ADDX protocols are designed to facilitate both transparency and instantaneous trading for liquidity. Armed with these concepts and missions, ADDX has enjoyed considerable progress in recent years - in total, ADDX has more than 80 tokenised offerings on its platform today, and has sold tokens

instantaneous settlement or what she said is termed 'atomic swaps'. The technology thereby facilitates fractionalisation and the transfer of such tokenised assets in an entirely absolute way.

And this means that there is liquidity available at the click of a button, assuming there are willing buyers and sellers, as in any marketplace. "Take private market holdings such as private equity in the form of limited partnership stakes," she said. "Well, we all know how illiquid those types of alternative investments are, but

These committee members are big hitters in the form of very senior ex-Singapore Exchange and ex-MAS specialists, amongst others. "We are taking the traditional processes and practices around funds, listings and trading, and transitioning them all to a digital native format," she explained.

Sticking by established standards

She added: "The Singapore regulator is clear that as long as we're operating a securities platform, they are technology-agnostic. And as to actual operations, then they put in

their own framework of audits and controls around how we manage that. The MAS oversees us just as they would a traditional securities marketplace, with audits, with reviews of customer segregation, of governance and protocols, of risk management frameworks and controls and so forth.”

Choo also explained that for now at least, the market remit for ADDX is accredited investors only, i.e. those with at least SGD1 million of net financial assets. “And we are working closely through institutional partnerships with firms such as securities houses, private banks and so forth,” she stated. She says the quality of their shareholders - including the SGX, the Stock Exchange of Thailand, two other leading Thai institutions, some brand-name Japanese institutions, the giant UOB form Singapore, and more - have helped in convincing strong names to work with them

“These shareholders came to our support, not really just as a financial investment, but really to understand more about the future of securities in a tokenised world, and to see the linkages to traditional finance or TradFi as we can call it.”

Multi-asset, multi-dimensional

Choo told delegates that ADDX today is multi-asset and with a full suite of B2B2C activity across a variety of assets such as private credit and other funds, including semi-liquids. For example, in 2022 ADDX launched a private credit module with the leading regional brokerage house CGS-CIMB Singapore, which came onto the ADDX platform to raise funds through a commercial



paper series, which rapidly became very popular with ADDX accredited investors, especially in Singapore, thereby achieving a new array of investors for the issuer. “With all this activity, we have assembled close to 3000 investors on our user base,” Choo reported.

And they have been working with other commercial paper issuers, in both US and Singapore dollars, such as ValueMax, MoneyMax and GSH Corporation. They have bond issues listed, a whole set of closed-ended funds such as the KKR Next Gen Tech fund, an Investcorp-led industrial real estate fund, Mapletree’s Europe MERIT Fund, as well as some structured products, hybrid paper, closed-end funds, some less liquid PE and hedge funds. All these can be traded on the secondary market. “We are bringing these all to within the reach of mass affluent buyers and at the same time offering liquidity,” she said.

New sources of funds for SMEs

She noted that SMEs like the concept of ADDX as a platform for reaching out to new capital. She said many of their issues are short-term 3, 6, or 12-month securities delivering yields of 5% plus per annum, making them popular amongst investors as a cash alternative. “In Singapore, the minimum size for wholesale bonds is SGD250,000, meaning it is not a market really for the average mass affluent investor, especially if they want portfolio diversification,” she commented.

She added that wealth managers and smaller securities houses had increasingly seen the value of the ADDX platform for delivering their own clients some interesting opportunities, but also for ensuring that the right operational and trading and settlement procedures take place efficiently and economically.

She noted that this is the tip of the iceberg. “There are of course numerous different capabilities that tokenisation can bring, and we see many different, interesting, more alternative asset classes being expressed in these ways,” she stated. “The ability to raise money quickly, efficiently and track ownership and have it done in a compliant manner is a wonderful combination.”

Extending the reach

She also noted that while ADDX is based in Singapore, there is progress taking place in Hong Kong as well, and the potential for ADDX to become part of that emerging tokenisation ecosystem as well.

She closed by highlighting the ADDX Advantage, a partnership model with wealth managers, securities houses and even private banks. “We see a need to digitise relationship

managers and their approach with clients for alternative assets, and this gives them an easy way to conduct order execution and management,” she said. “And we think that there’s a lot of room for smaller firms to pick products that are on our shelf and really help their clients increase their diversification into alternatives, whether through semi-liquids, closed-ended funds or even a private credit.” ■

WANT TO GET INVOLVED IN FUTURE EVENTS?

We are very excited to be hosting our **Hubbis Investment Forum in Singapore on Wednesday 1st November, 2023.**

[CLICK HERE](#) to find out more about the event.

Plus – Don’t Miss Out on our 2024 Events

Save the date of our **Hubbis Investment Forum – Hong Kong 2024**, which takes place on **Wednesday 25th September** next year.

And be sure to make a note of the date that our **Hubbis Investment Forum – Singapore** is taking place next year: **Wednesday 6th November, 2024.**

Want to become a Significant Part of these events next year? Speak? Join as a Partner? Please send us an email at events@hubbis.com if you would like to get involved.



ADDX – A BRIEF HISTORY

ADDX (formerly iSTOX) is on a mission to democratise private market investing. The global private market exchange aims to make the capital markets more efficient for issuers and investors, putting previously out-of-reach investments in the hands of underserved investors.

ADDX was actually founded in 2017, then graduated from the MAS FinTech sandbox in February 2020 and became a fully regulated digital securities exchange. In total, ADDX has raised a total of USD140 million in funding since 2017.

As a financial technology company, ADDX uses blockchain and smart contract technology to tokenise and fractionalise multi-asset securities such as private equity, hedge funds, venture capital, fixed income/wholesale bonds and unicorn funds, overcoming manual processes in the traditional issuance and investment space that have hitherto made it impossible to serve large numbers of smaller investors.

The firm has garnered an impressive array of quality owners in the form of shareholders such as Singapore Exchange (SGX), the Stock Exchange of Thailand (SET), the Temasek subsidiary Heliconia Capital, the Development Bank of Japan (DBJ), Singapore's UOB, Hamilton Lane, Krungsri Finnovate in Thailand and Korea's Hanwha Asset Management.

The creation of regulated security tokens reduces the minimum investment ticket size for private market investments from USD1 million to USD1,000 or less. This extends access to a much larger segment of accredited individual and corporate investors. Today, the ADDX platform serves investors from 39 countries, spanning Asia Pacific, Europe, and the Americas (except the US).

The proprietary exchange ADDX has built also allows the secondary buying and selling of securities among investors, enhancing the liquidity and value of those investments. Blockchain technology has also reduced the settlement period for investors from two working days to instantaneous (around 1 second).

With the efficiency gains from tokenisation, companies that issue securities benefit from lower fees, a lower minimum fundraising threshold, faster speed to issuance and less uncertainty. The access companies get to a larger pool of investors and capital allows them to stay private for longer, giving them the freedom to focus on long-term growth, rather than the short-term profits required by the public markets.

The platform has gradually been building its array of offerings since, facilitating the issuance of tokens for underlying assets such as hedge funds, private equity bonds and global REITs, amongst others. In fact, ADDX's growth has been so impressive that the firm has completed more than 80 issuances so far, consisting of funds, bonds, equity and structured products.

ADDX has about 120 full-time employees, and the accredited investors they work with come from 39 countries – spanning Asia Pacific, Europe, the Americas (excluding the US) – but with the majority based in Singapore.

As to leadership, coinciding with the lead-up to the Pre-Series B funding that raised SGD58 million in 2022, ADDX had appointed Oi-Yee Choo as CEO in March 2022, when she moved from the role she took on as the Chief Commercial Officer in January 2020, when she had left her rather prominent position as Head of Investment Banking at UBS Singapore to help drive the ADDX digital assets platform forward.