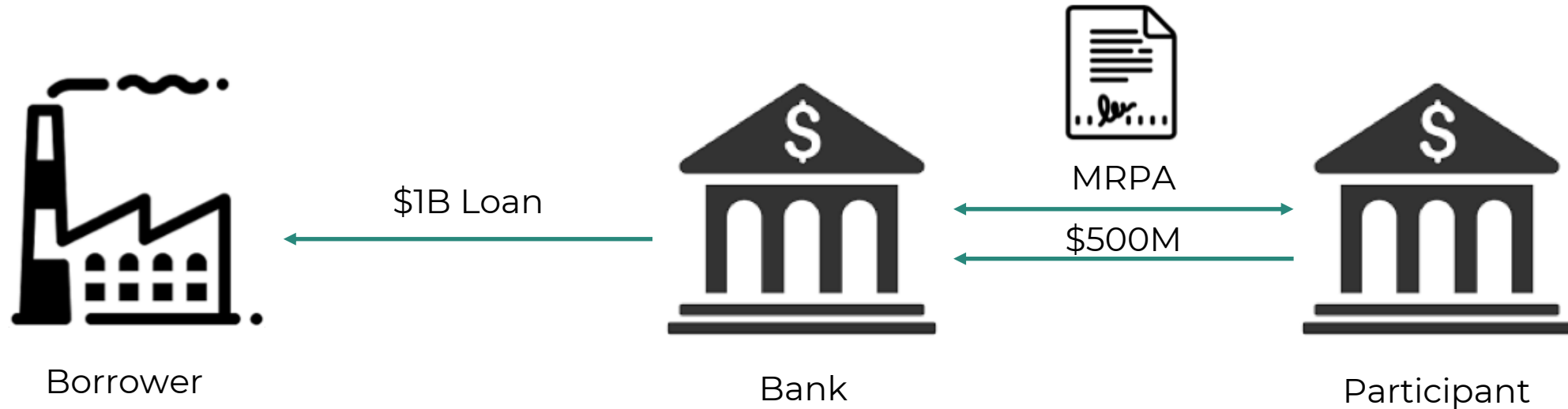


# Inter-bank Risk Participation Network

# Risk Participation

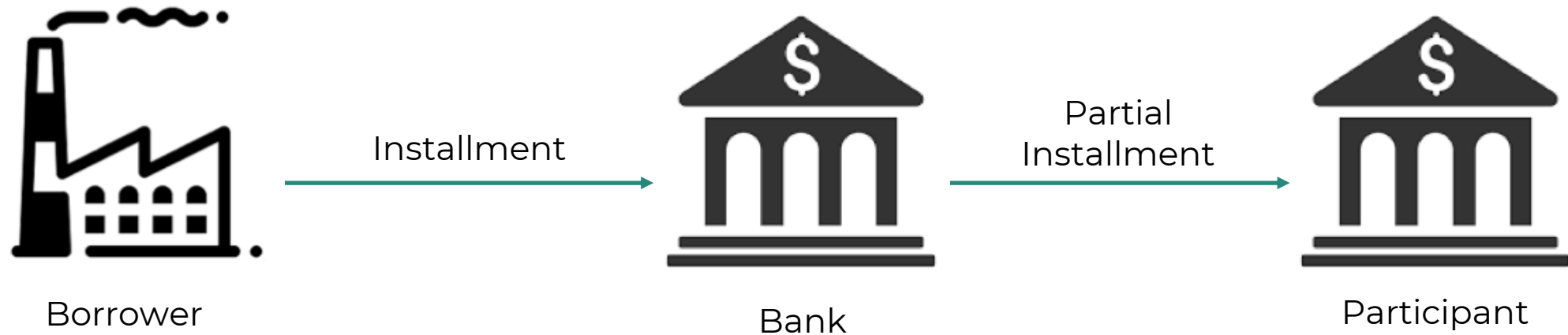
Bank sells its exposure to an obligation to another financial institution.



Risk participation using a Master Risk Participation Agreement (MRPA) allows banks to reduce their exposure to delinquencies, foreclosures, bankruptcies and company failures.

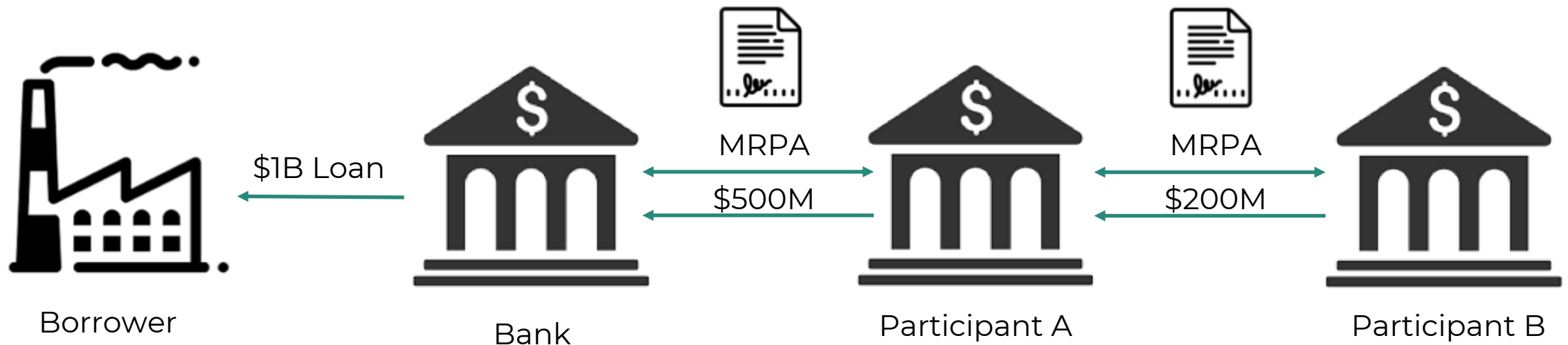
# Risk Participation

Partial installments are transferred to participant as agreed in the MRPA.



# Risk Participation Chain

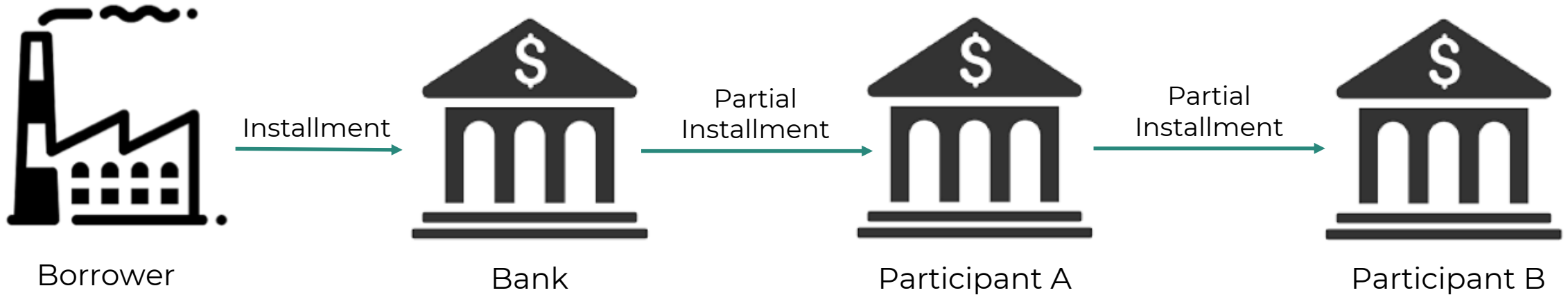
A participant could sell its exposure to another participant



Chaining adds additional risk, reduces return

# Risk Participation Chain

Partial installments are transferred down the chain.



Chaining adds additional risk, reduces return

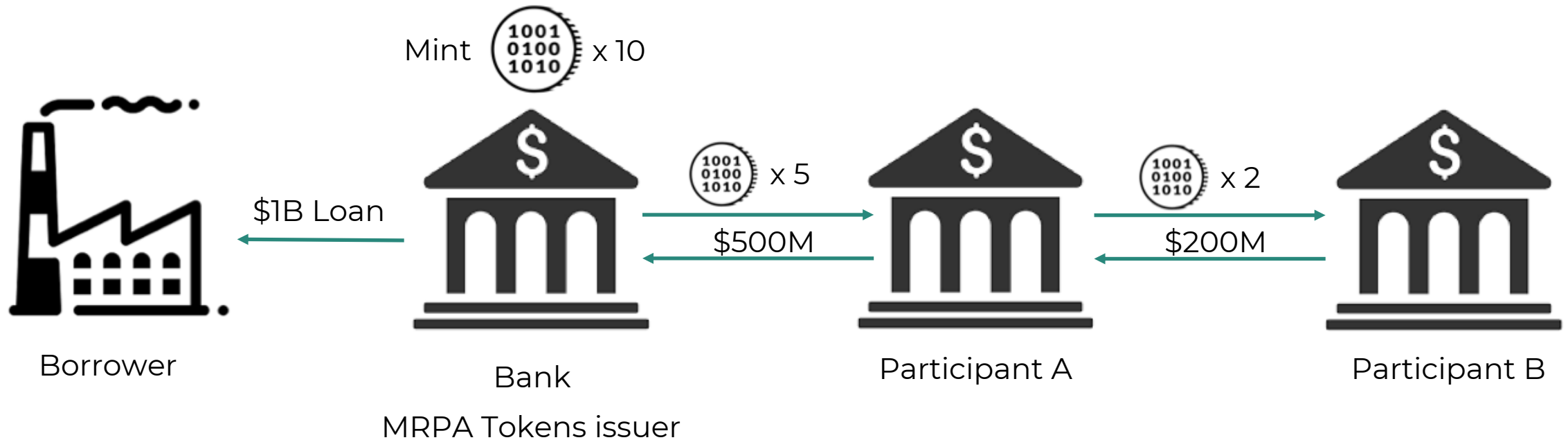
# Inefficiencies

Current risk participation process has several inefficiencies

- Slow, manual processes
- Contract management hassle
- Reconciliation heavy process
- Slow flow of funds, hop by hop
- Additional risk with each new link in the chain
- Reduced returns further down the chain

# Risk Participation with MRPA Tokens

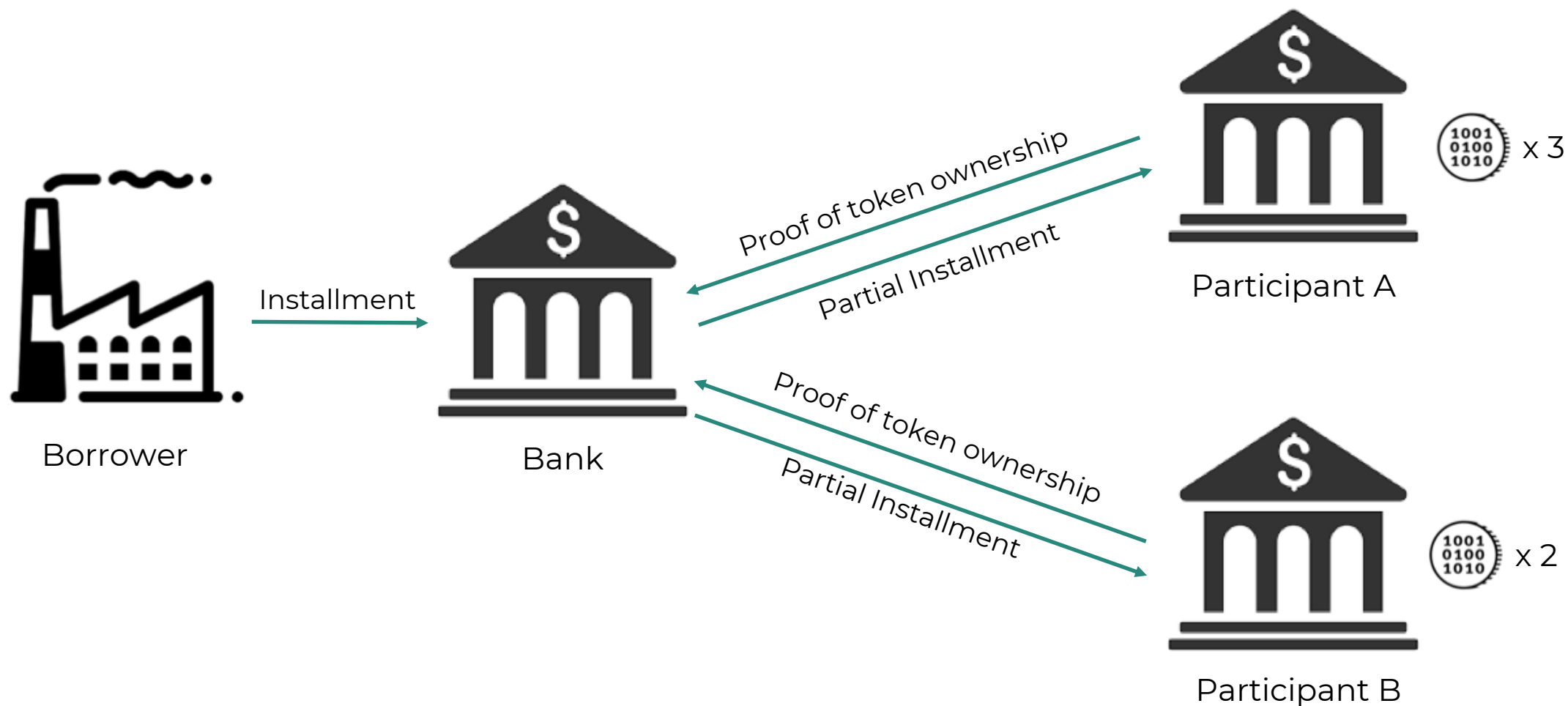
MRPA Tokens are Digital Bearer Assets



Digital Bearer Assets can be transferred from bank to bank instantly and with settlement finality.

# Risk Participation with MRPA Tokens

On installment due date, participants present proof of MRPA Token ownership. Issuer makes partial payments.



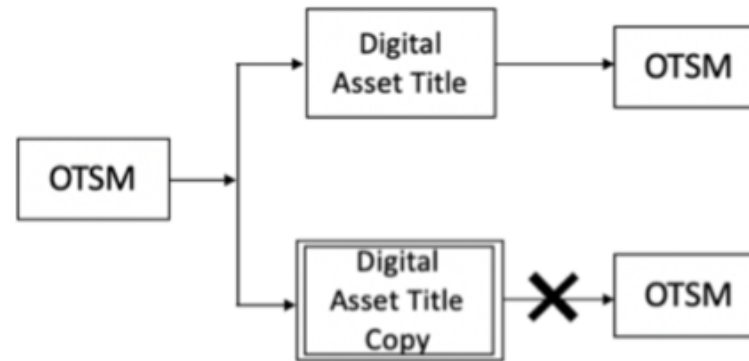
MRPA tokens reduce intermediaries and consequently risk. Participants get better returns.



# Product: One Time Spend Machine



OTSM – A Special Purpose  
FIPS 140-2 Level 3 HSM



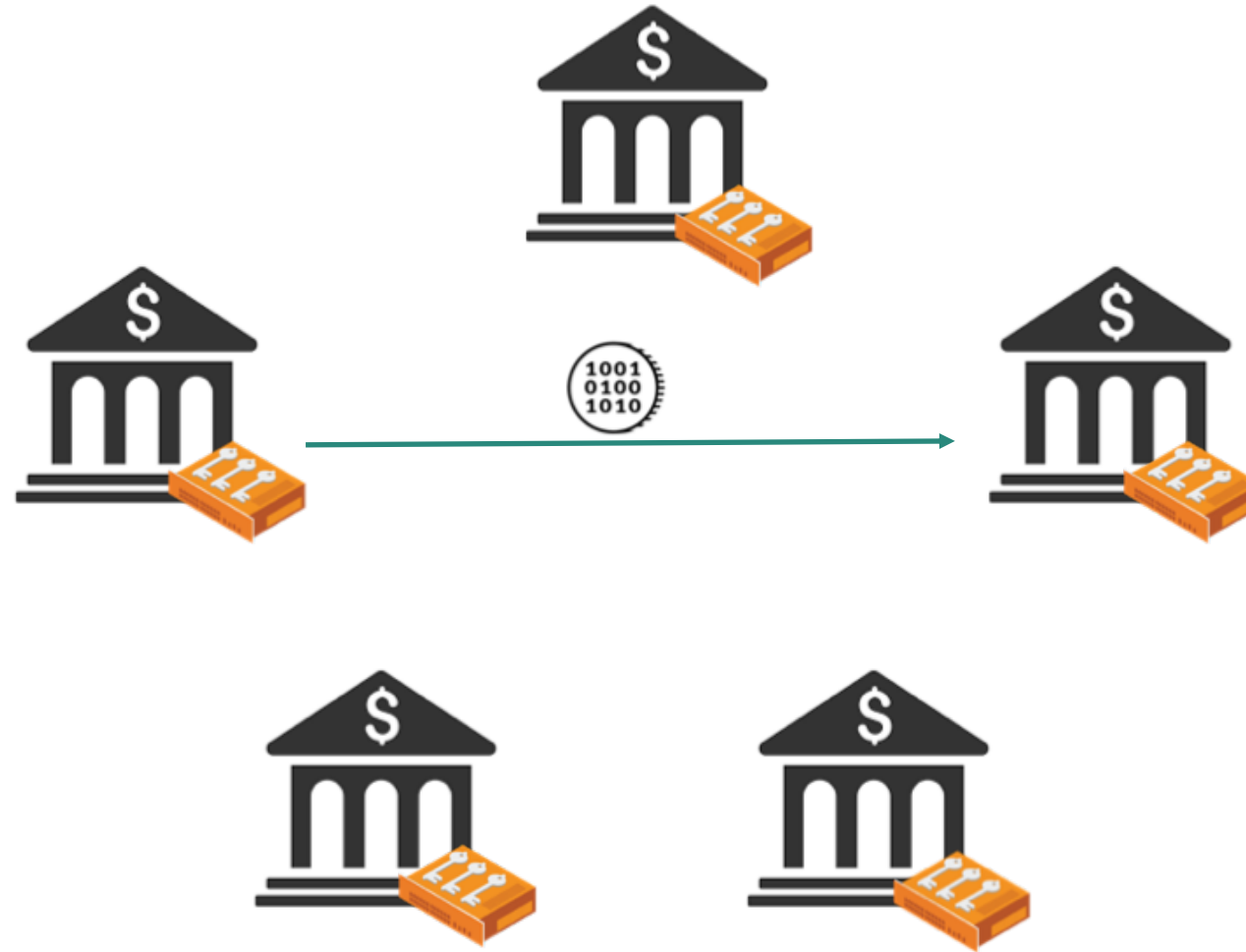
OTSM prevents a digital asset from  
being spent multiple times.

	OTSM
Confidentiality	Yes
Security	Yes
Decentralization	Yes
Compliance	Yes

OTSM enables direct institution-to-institution transfers of tokens.

# Risk Participation Network

An inter-bank Risk Participation Network can be established using OTSMs



MRPA tokenization, custody and direct inter-bank token transfers

- Easy creation of Risk Participation Tokens
- Secure custody
- Easy transfers
- Instant settlements
- Reduced contract management hassles
- Reduced reconciliation hassles
- No additional risk added by participant-to-participant risk sell down
- Participants get better returns

# Thank You!

If you liked this deck, share it!

Contact: [pralhad@halfepsilon.com](mailto:pralhad@halfepsilon.com)