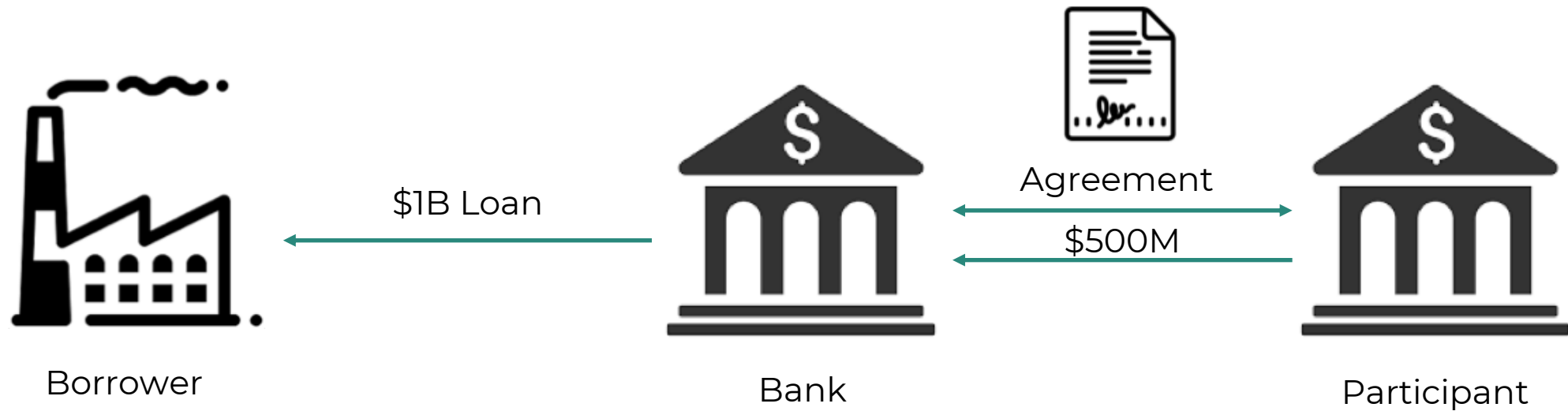


# Inter-bank Funded Participation Network

# Funded Participation

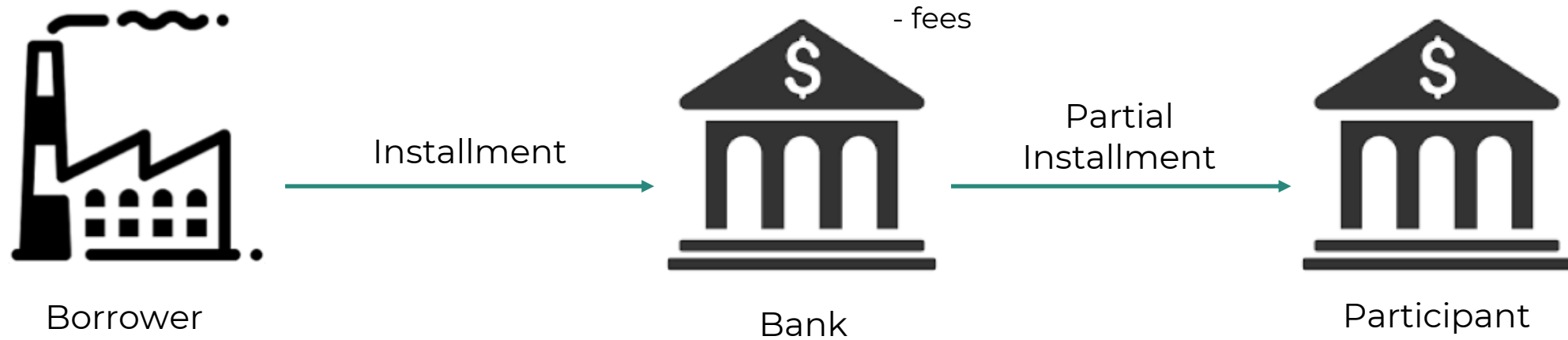
Participant funds originating lender



An agreement between lender and participant. Borrower not involved.

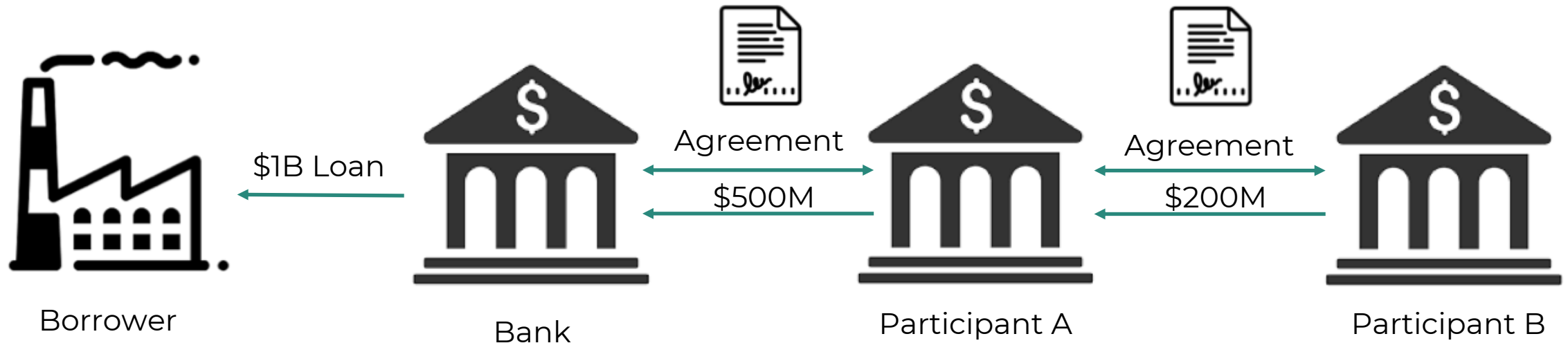
# Funded Participation

Partial installments are transferred to participant.



# Funded Participation Chain

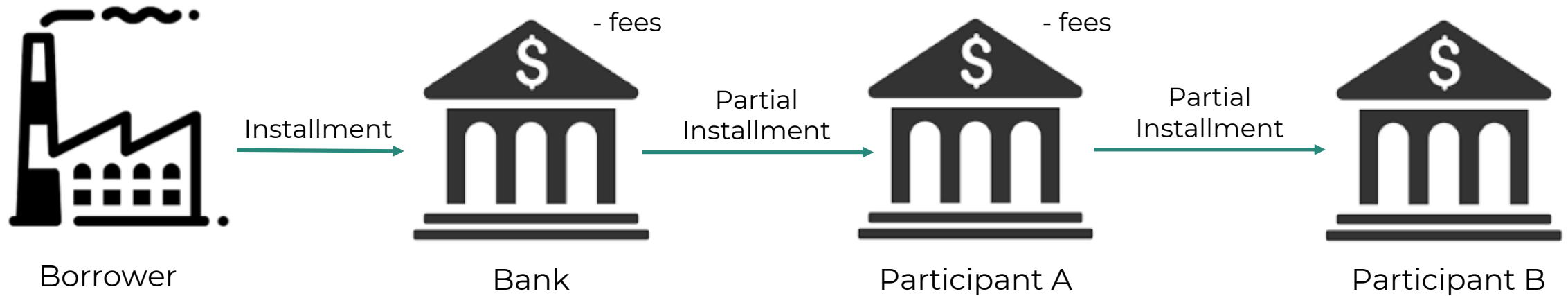
A participant could sell its exposure to another participant



Chaining adds additional risk, reduces return

# Funded Participation Chain

Partial installments are transferred down the chain.



Chaining adds additional risk, reduces return

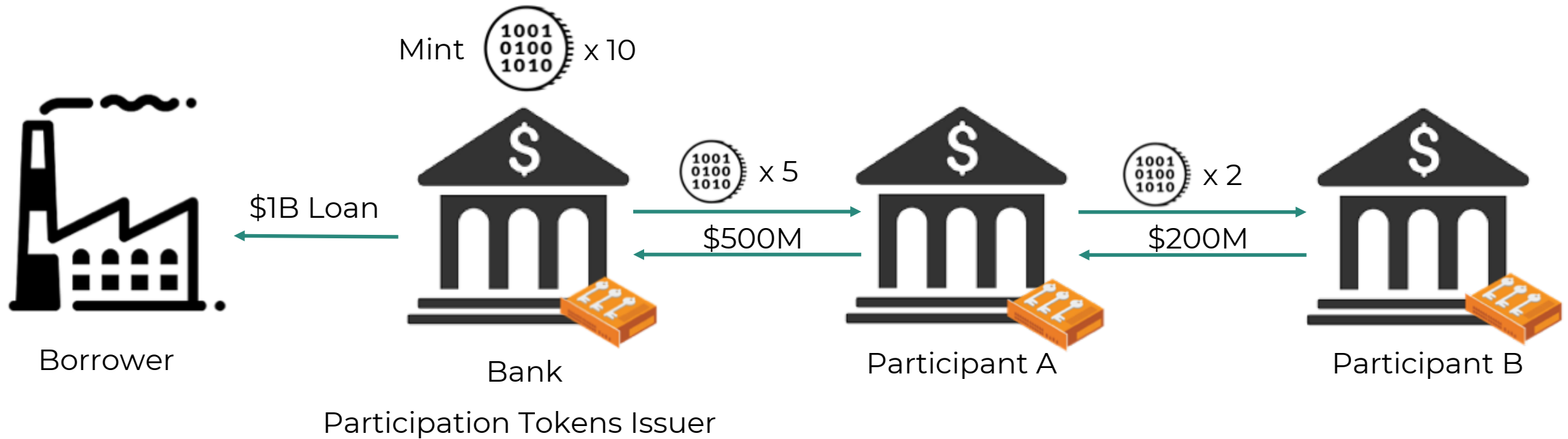
# Inefficiencies

Current funded 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
- Participant may not have visibility into who the borrower is

# Funded Participation with Tokens

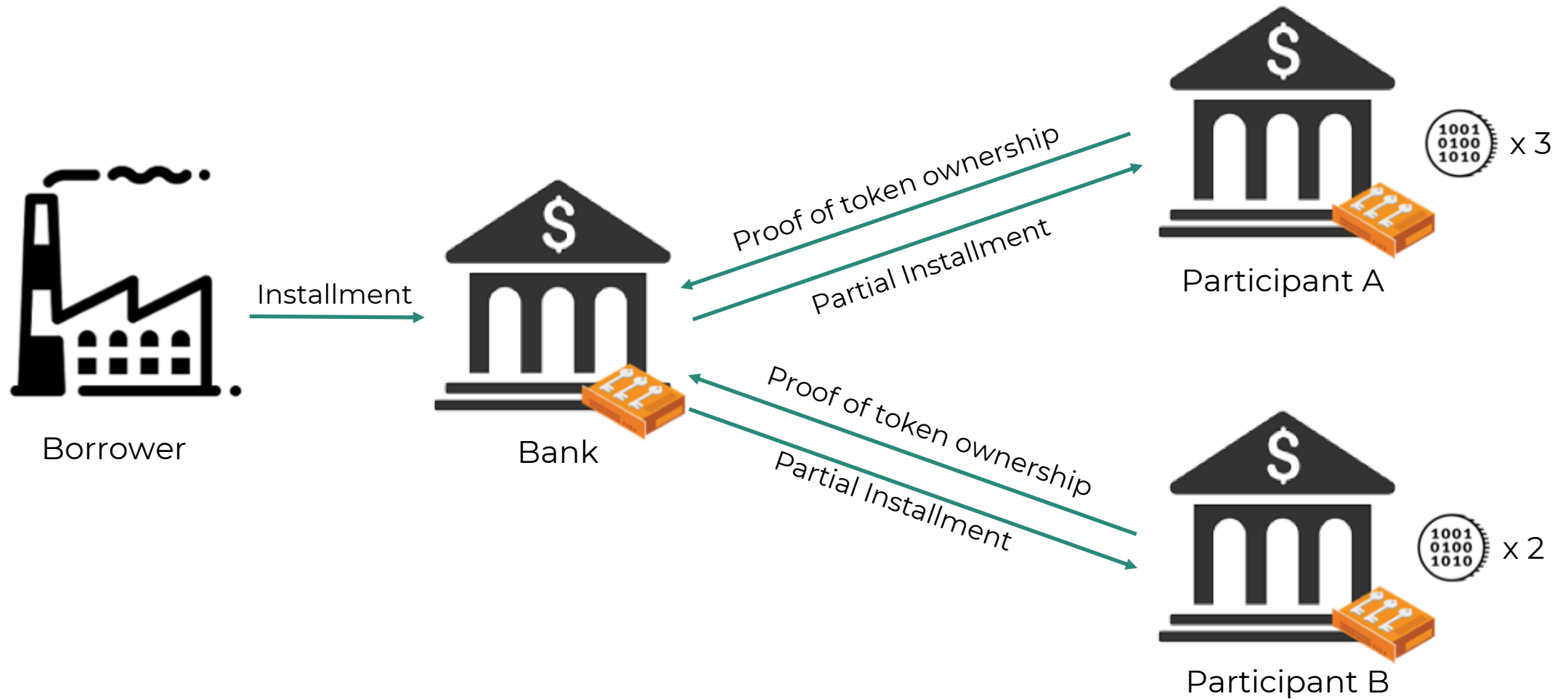
Participation Tokens are Digital Bearer Assets



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

# Funded Participation with Tokens

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



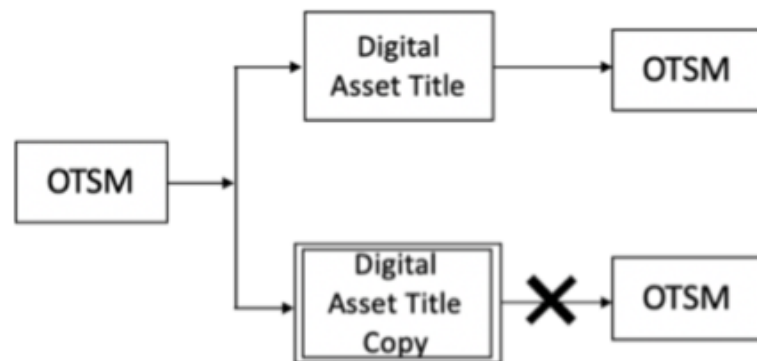
Participation tokens reduce intermediaries and consequently risk. Participants get better returns.



# Product: One Time Spend Machine



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



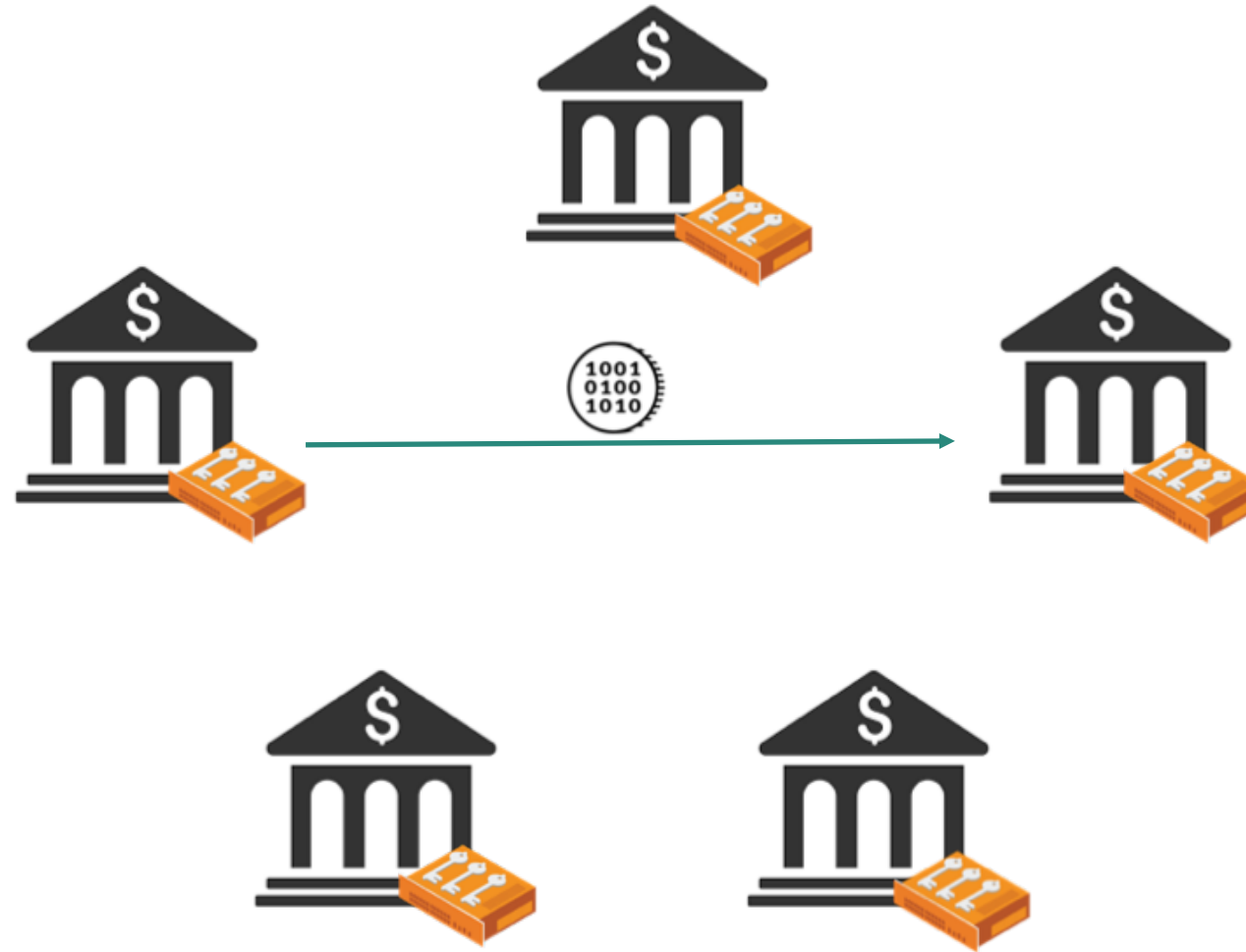
OTSM prevents a digital asset from  
being spent multiple times.

	OTSM
Confidentiality	Yes
Security	Yes
Decentralization	Yes
Compliance	Yes

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

# Funded Participation Network

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



Tokenization, custody and direct inter-bank token transfers

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

Benefits apply equally to syndicated loans scenario.

# Thank You!

If you liked this deck, share it!

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