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Newsletter

menu

- [Contributed Content](#)
- Contributed Content
- Blockchain Crosses the Delaware

Search

- [Home](#)
- [Trending](#)
- [Featured](#)
- [Sectors](#)
- [From The Markets](#)
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07.31.2017

Contributed Content

## Blockchain Crosses the Delaware

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### Blockchain Crosses the Delaware: Smart Securities to Disrupt Corporate Finance

*Historic amendments pave the way for blockchain to transform securities processes*

July 21 was a momentous day not just for the world of blockchain, but also for the world of corporate finance. The Delaware “blockchain amendments,” which Symbiont and its legal team assisted in crafting, were signed into law by Governor Carney to recognize blockchain as an acceptable form of corporate recordkeeping beginning August 1. The full benefit of the law takes effect when the Delaware Division of Corporations announces completion of its integration with Symbiont’s blockchain, thereby enabling end-to-end automation of corporate securities administration—in digital form—from inception until maturity.

That Delaware is the first state to recognize blockchain for corporate finance is no coincidence. Delaware boasts more registered corporations than residents, and the First State prides itself on being the corporate registry of choice in corporate finance. Recognizing the promise of blockchain to improve the accuracy of corporate and securities industry recordkeeping, Delaware instituted the [Delaware Blockchain Initiative](#) in early 2016.

Now that the legislative process is complete and the bill has become law, Delaware corporations will have the ability to issue shares and manage ownership records using blockchain technology as of August 1. This applies to both public and private entities.

So what does this mean for companies registered in Delaware? First, cost savings should be substantial, and this is true for securities issuers and investors alike. So-called “back office” functions can now be straight-through processed during the entire lifecycle of a security, assuming the security is recorded on the Delaware Division of Corporation’s blockchain instead of using non-blockchain methods such as pieces of paper.

Second, blockchain also provides for greater accuracy of ownership records. Enter Symbiont “Smart Securities®,” fully digitized ownership records continuously maintained and updated via a blockchain. This benefit is especially useful at a time when secondary markets for corporate securities are remarkably complex and fragmented since nearly all publicly traded securities are owned indirectly in “street name” rather than directly by owners. As a consequence, blockchain can prevent situations such as that of *Dole Food* from February of this year, in which 36.7 million shares were outstanding but investors presented brokerage statements to prove they owned 49.2 million shares.

Another area where distributed ledger technology holds particular promise is in the automation of administrative tasks like filing, documentation, reporting and other communications between issuers, regulators and investors. As routine as these procedures are, they can be time-consuming and vulnerable to human error. Mistakes can pose costly disruptions to the registration and/or capital raising process. Blockchain makes such tasks more manageable in a number of ways. Delaware’s Division of Corporations, for example, is working with Symbiont on an integrated blockchain to automate the annual report and franchise tax filing processes.

Delaware’s historic blockchain legislation may have gone unnoticed by some, but it opens the door to revolutionize the way company shares are created, administered and exchanged.

*Caitlin Long is Chairman and President of Symbiont, a pioneer in the use of smart contracts and distributed ledgers in financial markets*

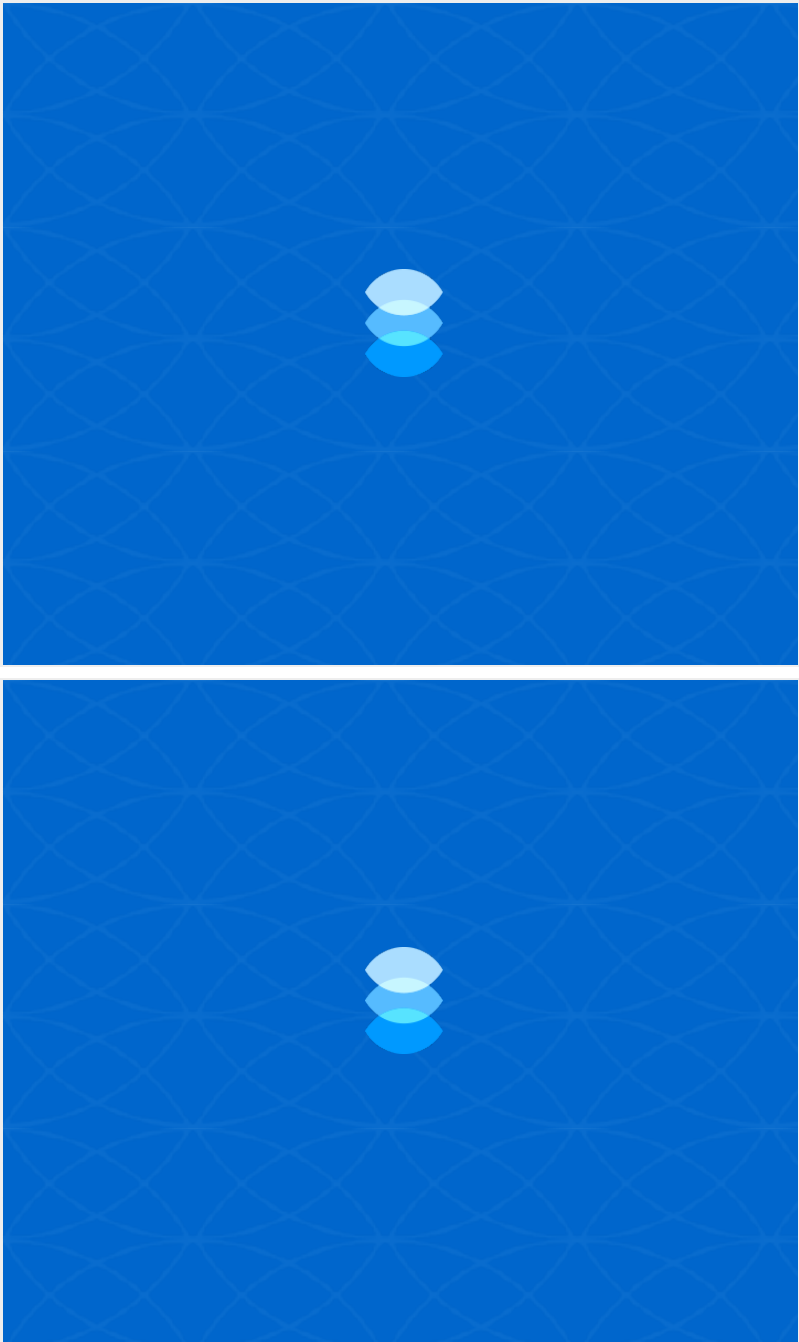
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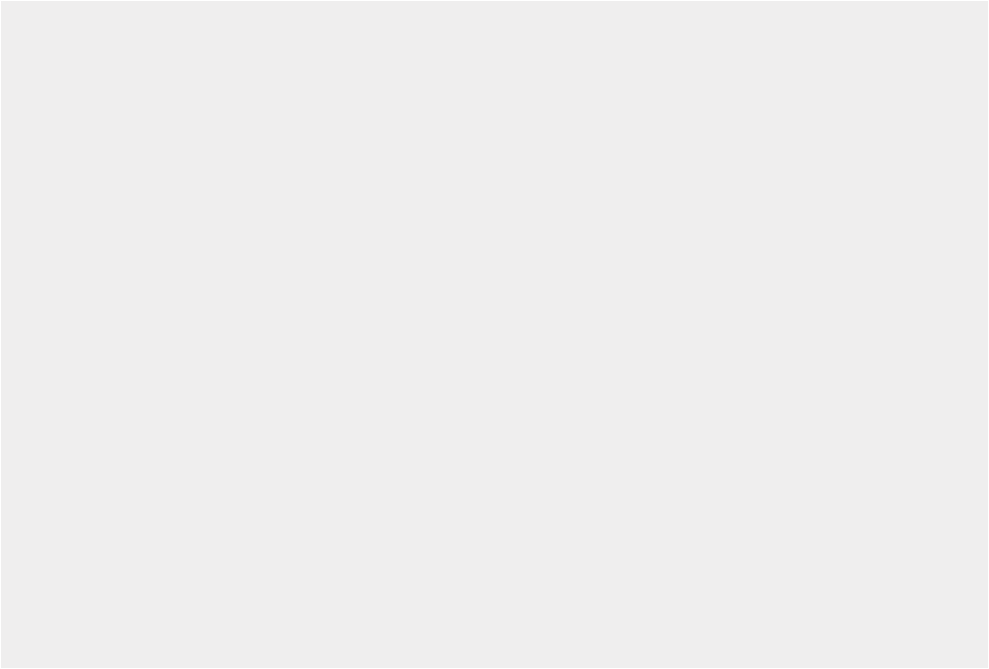


1. Daily Email Feature

## [Who Safeguards the Industry?](#)

DTCC ensures a smooth and orderly back office for more than 100 million trades per day.

07.27.2017 By John D'Antona , Editor, Traders Magazine

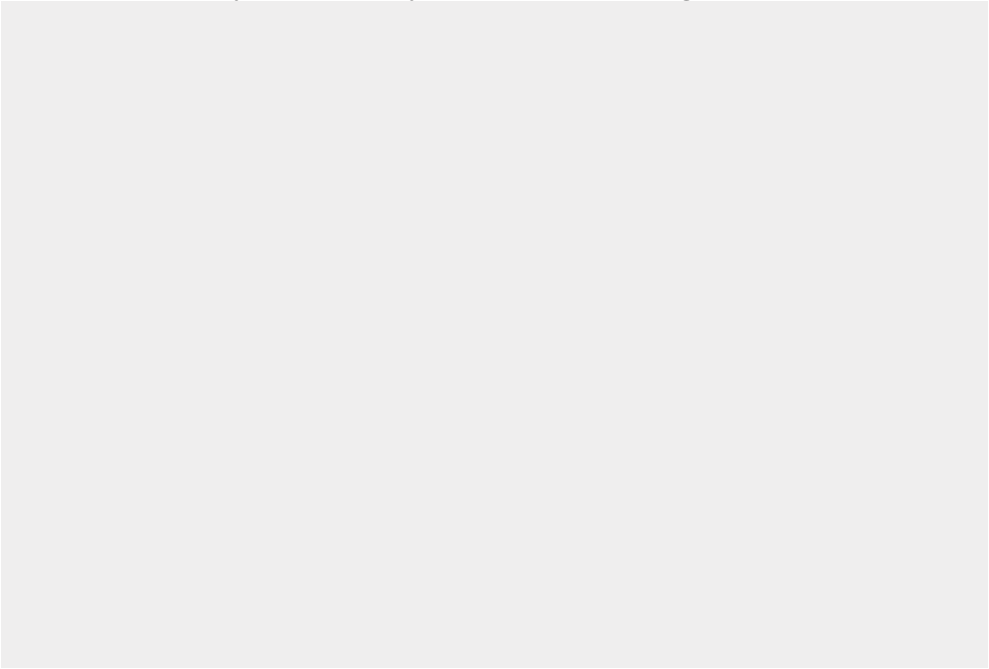


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## [Enterprise Ethereum Alliance Fills Out Leadership](#)

Names technical steering committee and working group chairs.

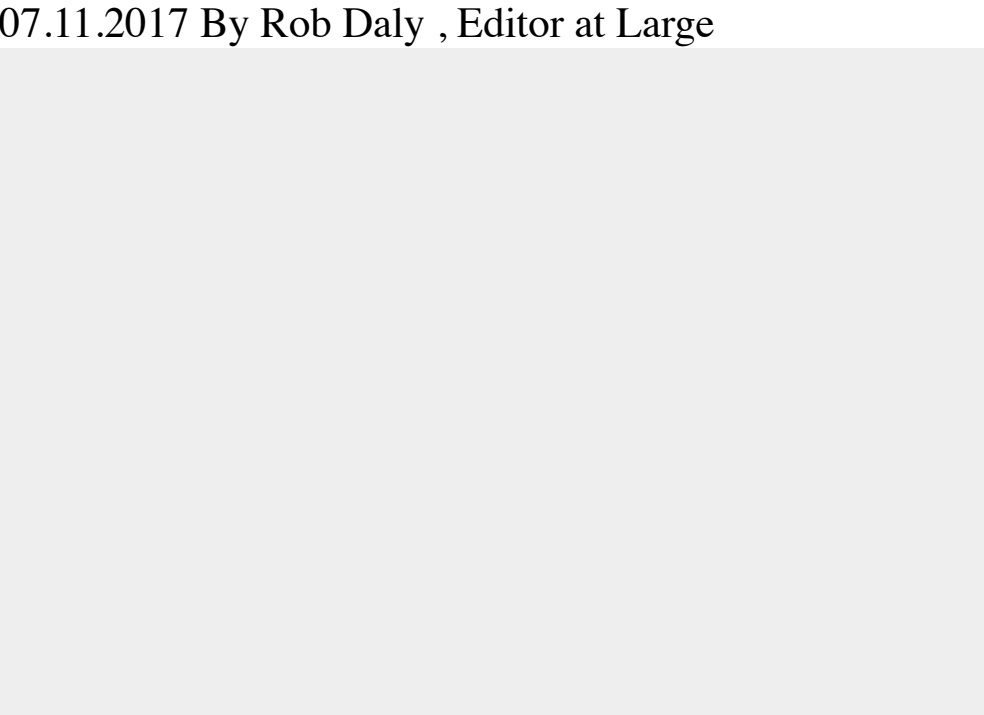
07.14.2017 By Rob Daly , Editor at Large



3. From The Markets

## [Hyperledger Debuts First Deliverable](#)

The open-source distributed ledger project reaches a major milestone.

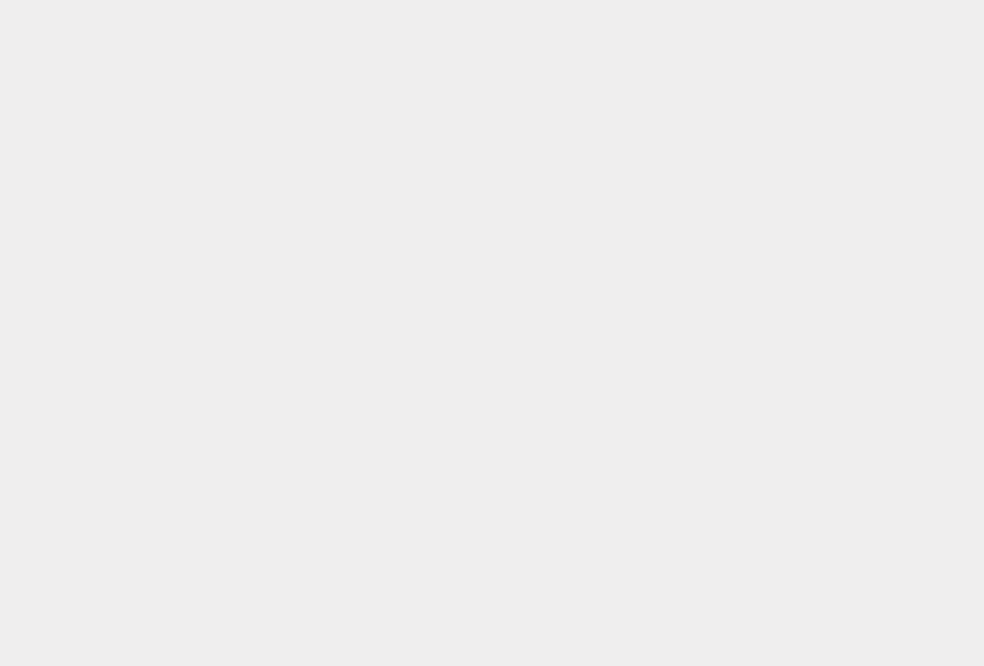


4. Press Release

**TigerRisk Joins Centre of Excellence for DLT/blockchain**

First insurance broker joins fintech ledger initiative.

07.10.2017 By John D'Antona , Editor, Traders Magazine



5. Latest News

**Distributed Ledger's Promise a Few Years Off**

Blockchains have to walk before they can run.

07.07.2017 By Rob Daly , Editor at Large

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