

Submitted by: DigiFT

Sentence Summary

MIP6 Collateral Onboarding application for tokenized short-term bonds in line with the requirements of [MIP13c3-SP12](#)

Paragraph Summary

Allocating a portion of MakerDAO's RWA exposure to DUST, a tokenized T-bill product issued via DigiFT, a security token DEX regulated by the Monetary Authority of Singapore (MAS), with the underlying T-Bills custodized with a Singapore-licensed broker dealer.

Motivation

Today, MakerDAO still holds over USD 900M stablecoins in PSM that are not generating any yield. During the past months, under MIP13C3SP12, most of the stablecoins in PSM went to BlockTower Andromeda and Monetalis Clydesdale for buying U.S. treasury bills, with almost USD 2B allocated via an off-chain structure.

We agree that tokenized T-bills offer greater transparency and efficiency for the MakerDAO community compared to the other investment alternatives. Given that MakerDAO is seriously considering other tokenized T-Bill token options, we, DigiFT, would like to propose our tokenized U.S. treasury bill token as one of the options for consideration.

The DigiFT U.S. Treasury Token, also known as the DUST token, is a fully regulatory-compliant U.S. Treasury token

. It's a series of tokenized U.S. treasury bills. Unlike other tokenized T-bill token, which are backed by U.S T-bill ETF or a portfolio of treasury bills, the first DUST token, DUST1223 is 1:1 backed by single U.S. T-bill with maturity at end of December, 2023 (ISIN: US91282CDR97).

Some of the highlights

- Liquidity up to T+1~T+3
- Simple, transparent structure
- Regulatory compliant offering
- Daily proof of reserve
- Can use USDC/USD for subscription/redemption
- Can trade by OTC and P2P

Currently, DUST1223 is the only single U.S treasury bill token issued. If MakerDAO is interested in this product, the Issuer can structure and mint other DUST tokens with different maturities according to MakerDAO's needs.

The specific asset discussed in this proposal is:

Token ticker

: DUST1223

Contract Address:

0xd14c04847a27D44D25a3AA537c80A4d4008f2AFB

Underlying asset:

2-yr U.S. Treasury maturing on 31 December, 2023, ISIN US91282CDR97

Protocol:

ERC-20 token

Issuer:

Red Cedar Digital Pte Ltd (an affiliate of DigiFT)

Custody:

Moomoo Financial Singapore Pte. Ltd (Singapore licensed custodian)

Maturity:

December 31th, 2023

Product Features:

Tokenised T-Bills with T+1~3 settlement time, simple and transparent legal structure, issued via a licensed exchange, with underlying assets held with licensed broker-dealer

Liquidity:

Subscription / redemption from Issuer, OTC / P2P trading

Fee:

Subscription 0.30%/Redemption 0.15% (0% if held to maturity)

Basic information

1. Who is the interested party for this collateral application?

DigiFT, a regulatory-compliant DEX incorporated in Singapore, currently in MAS' Fintech Sandbox. We are responding to MakerDAO's MIP13c3SP12 with [MIP13c3-SP12](#).

DigiFT was founded in 2020 by Henry Zhang, formerly Greater China CEO of East West Bank, deputy China CEO of Citibank and Standard Chartered Bank, and is helmed by a leadership team who has extensive experience in financial institutions and fintechs. DigiFT's founding team comprises executives who have held positions at Citibank, Morgan Stanley, Tencent and Huobi, and possess deep blockchain technology knowledge, having successfully developed digital asset exchange and products in the past.

Website: [Security Token DEX: Bridging Traditional Finance and DeFi \(digift.sg\)](#)

2. Provide a brief high-level overview of the project, with a focus on the applying collateral token.

DigiFT is the first and only security token DEX enrolled within the MAS FinTech Regulatory Sandbox, built on the Ethereum public blockchain.

DigiFT allows asset owners to issue blockchain-based security tokens and investors can trade with continuous liquidity via an Automatic Market Maker mechanism.

The applying collateral token is DUST (DigiFT [U.S.](#) Treasury Token), which is a series of tokenized U.S. treasury bills issued by Red Cedar, a related party of DigiFT which is a Singapore SPV (Special Purpose Vehicle) specifically incorporated to issue security tokens. The first issuance of DUST is DUST1223, and each DUST1223 token is backed by the equivalent value of a single 2-year U.S. treasury note maturing in December 2023.

3. Key terms of DUST1223

Issuer:

Red Cedar Digital Pte Ltd, an affiliate of DigiFT Singapore

Token ID:

DUST1223

Underlying asset:

2-year U.S. Treasury maturing on 31 December, 2023. ISIN US91282CDR97 (Fitch's rating: AA+)

YTM:

5.24% (as of 18 Sep, 2023)

Settlement:

up to T+3

Mode:

subscribe, redeem, P2P, OTC

Custodian:

Singapore-licensed broker-dealer and custodian

Currency:

USD or USDC

4. How long has the project been live in production?

DUST1223 was launched in August, 2023. DigiFT exchange has been founded in 2020, and was enrolled in the MAS Fintech Regulatory Sandbox in 2022.

5. Provide a brief history of the project.

Following the last question:

In Jun 2022, DigiFT admitted to the MAS Fintech Regulatory Sandbox, as the first and only regulatory-compliant DEX in the world.

In Aug 2022, DigiFT launched digital asset DEX with inaugural regulatory-compliant STO listing, which was a one-month corporate note by Dinars Club (Singapore) Pte Ltd.

In Sept 2022, DigiFT completed redemption of the first regulatory-compliant corporate note security token (with a direct issuance model).

Early 2023, DigiFT raised USD 10.5M in Pre-series A funding led by Shanda Group, other investors including Hashkey Capital, Hash Global, Xin Enterprise and North Beta Capital.

During 2023, DigiFT has launched products including: Perpetual Bond Reference Token ("PBRT01", backed by Barclays 8% Perpetual Bond), Matrixdock's Short-Term Treasury Bill Token ("STBT"), DigiFT U.S. Treasury Token ("DUST") and DigiFT ETH Staking Token ("dETH").

6. Link the whitepaper, documentation portals, and source code for the system(s) that interact with the proposed collateral, and all relevant Ethereum addresses. If the system is complex, schematic(s) are especially appreciated.

Website: <https://www.digift.sg/index>

Token ethereum address: 0xd14c04847a27D44D25a3AA537c80A4d4008f2AFB

Flowchart:

[

image

1860×736 66 KB

[/makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/7/3/7375844f8c1f2d98edd6b35b530889b4abda5388.png)

7. What type of asset is it? (e.g. store of value, currency, commodity, capital asset, governance token etc.)

The proposed asset is an asset-backed security token structured as a debenture. The underlying asset is a 2-year U.S. Treasury note maturing on December 31st, 2023. Each ERC20 token is 1:1 backed by equivalent quantities of said 2-year U.S. T-Bill,

shall be a store of value, onboarding real-world value into DeFi.

8. How is the asset used and does it give any rights to holders? (e.g. financial claims, dividends, governance rights)

The assets will be held in holders' wallets in the form of ERC-20 tokens.

Under the Deed Poll for the DUST tokens, tokenholders are entitled to the economic benefits flowing from the underlying RWA T-Bills, with the option to redeem the DUST tokens with the Issuer and receive the equivalent value of USD or USDC. Alternatively, the tokenholders may also trade the DUST tokens via the OTC or P2P modes on the DigiFT Exchange.

Apart from the economic benefits, tokenholders are also the beneficiaries of a bare trust over the underlying RWA T-Bills created in their favour. This means that in the event of the issuer's insolvency or bankruptcy, tokenholders will still be considered the owners of the underlying RWA T-Bills.

9. What is the market cap for the asset?

The underlying U.S. T-Bill has extremely high liquidity, with about USD 63.6B in circulation.

DUST1223 was launched in August 2023 and has a market cap of USD 200,000 to-date.

10. Where does exchange for the asset occur?

On the DigiFT Exchange, which is a regulatory-compliant decentralised exchange (DEX) currently in the MAS Fintech Regulatory Sandbox. Investors may subscribe and redeem DUST tokens with the issuer, or trade on the secondary market using the OTC or P2P trading modes.

11. Provide exchange data on market liquidity, volume and order book depth.

The underlying U.S. T-Bill has extremely high liquidity, with about USD 63.6B in circulation.

DUST1223 was launched in August 2023 and has a market cap of USD 200,000 to-date.

12. Is the asset settled on chain (trustless) or off-chain (trusted)

The DUST token can be traded and settled on-chain. The underlying asset is settled off-chain via a Singapore licensed broker-dealer and custodian.

13. If off-chain (trusted) settlement: describe what are the involved entities, process and estimated time

The involved entities are DigiFT Tech (Singapore) Pte Ltd, Red Cedar Digital Pte Ltd and Moomoo Financial Singapore Pte. Ltd.

DigiFT is the first and only security token DEX enrolled within the MAS FinTech Regulatory Sandbox, built on the Ethereum public blockchain. DigiFT allows asset owners to issue blockchain-based security tokens and investors can trade with continuous liquidity via an automatic maker mechanism.

DigiFT's founding team comprises executives who have held positions within the finance and fintech worlds at Citibank, Morgan Stanley, Tencent and Huobi, and possess deep blockchain technology knowledge, having successfully developed digital asset exchange and products in the past.

The issuer, Red Cedar is an affiliate of DigiFT Singapore.

The broker and custodian, is Moomoo Financial Singapore Pte. Ltd, a Singapore licensed broker and custodian.

14. List any possible oracle data source for the proposed collateral type

As the underlying assets are kept off-chain, any oracle data source would be dependent on traditional financial infrastructure. Thus, using a "proof-of-reserve" type oracle is an appropriate solution.

DigiFT will provide a PDF proof-of-asset version from Moomoo Financial Singapore Pte. Ltd (licensed custodian in Singapore) and put the PDFs on to IPFS. We are willing to collaborate with MakerDAO to make the solution more trustable and transparent.

For the price, Bloomberg can be a reliable price source as each token is 1:1 backed by the U.S. treasury note (ISIN: US91282CDR97).

15. List any parties interested in taking part in liquidations for the proposed collateral type.

As the underlying assets (U.S. T-Bills) are extremely liquid, the secondary market effectively provides infinite liquidity for the proposed collateral type. If held to maturity, the token can guarantee the redemption of the par value.

Business questions

16. What is the expected case of the Dai generated by the vault

The Dai generated by the vault shall go to participants who deposit token into the vault, with a surplus buffer to cover for liquidations.

17. What is the amount of Dai expected to be generated against the collateral and what is the timeline? Is there a commitment on a minimum amount of Dai to be generated?

The amount shall be a suitable portion of MakerDAO's stablecoin holdings, i.e the USDC in PSM module, and an appropriate amount for testing. Currently there's more than 573M USDC in PSM, as there are other tokenized t-bill projects under review, and MakerDAO are going to test those process, we suggest the suitable amount of testing DUST to be 10-20M. Over time, if the testing is successful, and assuming there's demand for other different tenures of U.S. treasury tokens, we can customised more products for MakerDAO ALM.

18. What is the benefits for MakerDAO onboarding the collateral?

Simple and transparent:

the legal structure and the process are simple and easy to understand, with no hidden entities or complicated structures.

Regulatory compliant:

DigiFT is a regulatory compliant DEX in Singapore, and DUST is issued in a manner that is compliant with Singapore's Securities and Futures Acts, with a robust legal structure to ensure the safety of assets.

Safe custody:

the underlying assets are kept with a Singapore-licensed broker-dealer and custodian, Moomoo Financial Singapore Pte. Ltd.

Fast settlement:

as the 2-yr U.S. treasury note has great liquidity, we can settle redemption up to 3 business days to send the USDC back to MakerDAO

Legal Questions

19. What are the legal risks associated with tokens?

There are minimal legal risks associated with the DUST tokens. The documentation for the tokens is based on documents drafted by a well-known international law firm. Furthermore, the issuance platform, DigiFT, is an entity which is regulatory-compliant, being currently enrolled within the MAS Fintech Regulatory Sandbox as an exempted Recognised Market Operator as well as holding a Capital Markets Services License for dealing in securities and units of Collective Investment Schemes (CIS).

20. Does one organization bear legal responsibility for the collateral? What jurisdiction does that organization reside in?

Yes, Red Cedar Digital Pte Ltd bears legal responsibility for the collateral (the Deed Poll for the DUST Tokens establishes that the underlying assets are held on bare trust in favour of each tokenholder). Red Cedar Pte Ltd is established in Singapore.

21. Has your project obtain any legal opinions or memoranda regarding the regulatory standing of the token or an explanation of the same from the perspective of any jurisdiction? If so, those materials should be provided for community review.

N/A

22. Describe whether there are any regulatory registrations for the token and provide related documentation(including an explanation of any past or existing interactions with any regulatory authorities, regardless of jurisdiction), if applicable.

The DUST tokens do not require any regulatory registrations. DigiFT is currently in the MAS Fintech Regulatory Sandbox, all issuances on the DigiFT Exchange, including DUST, are notified to the Monetary Authority of Singapore.

23. Is issuance of the asset decentralized (trustless) or centralized (trusted)?

The issuance of the asset involves both decentralized and centralized components. While the actual minting and issuance of the DUST token is decentralised (executed via Ethereum smart contract), each minting will require the corresponding underlying asset to be purchased, with such purchase taking place off-chain.

24. If centralized/trusted: by which legal entity, type of entity and jurisdiction?

The centralized portion of the asset issuance is carried out by Red Cedar Digital Pte Ltd, a private limited company incorporated in Singapore.

Technical questions

25. Link any available audits of the project. Both procedural and smart contract focused audits.

We've been through contract audit from Hacken, Numen and Elessar Labs. No critical, high or medium risk problems are detected. There are some low or minor issues that may need attention during future operations.

26. Has the token (and/or supporting protocol) been formally verified?

Same as last question, the token contracts have also been through security audit. The token is in standard ERC20 with a whitelist.

Token contract: [DUST1223 \(DUST1223\) Token Tracker | Etherscan](#)

27. Does the asset follow a token standard? (E.g. ERC20, ERC721, ERC1400)

The token is the form of ERC20.

Token contract: [DUST1223 \(DUST1223\) Token Tracker | Etherscan](#)

28. Is the asset, or asset balance, controlled by a central actor, or group of actors. (e.g. through a multisig, or DAO)?

The token is issued via DigiFT, a regulatory-compliant DEX in Singapore MAS Fintech Regulatory Sandbox. The underlying asset, which is the 2-yr U.S. treasury note, is in a custodied via a Singapore licensed custodian.

Mint and burn processes of the DUST token are controlled by DigiFT. The token, after subscription process, will go to investor's own wallet on Ethereum.

29. Does the token have whitelist or blacklist functions? If so, what is the process for utilization and what stakeholders are involved?

The token has a whitelist function. Investors need to pass KYC and AML process and go through a proof-of-asset process as they need to be accredited investors to buy the token via DigiFT Exchange. DigiFT accepts crypto as proof of assets.

30. Can the token implementation be upgraded/changed? If so, what is the process and what stakeholders are involved?

The DUST token can be upgraded. The stakeholder is DigiFT, via a multi-sig control.

31. Does the token contain rebasing logic?

No. The token does not contain rebasing logic. Each token represents a single 2-yr U.S. treasury note, the price shall be equal to the price of the underlying.

End

For more information, please reply to this post in forum or contact []

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We are happy to have further talk with MakerDAO community and send detailed information if needed.

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