

# CLEARTOKEN

## **\$10m+ Institutional Investment in ClearToken Demonstrates Importance of Clearing Infrastructure to Digital Asset Markets**

**London, 13 March 2024** ClearToken, the first horizontal clearing house for the digital asset market, has received over \$10 million in investment from institutional participants, underlining the importance of regulated clearing infrastructure to drive the next stage of growth in the market. Support for ClearToken's mission this far has come from firms including Laser Digital, the digital asset subsidiary of Nomura, several global liquidity providers including Flow Traders and GSR, and leading digital asset firms LMAX Digital and Zodia Custody.

Clearing infrastructure is a critical enabler to the institutional adoption of digital assets, including tokenised and cryptoassets. Strong institutional support for ClearToken demonstrates the demand for traditional financial market infrastructure in digital asset markets to increase adoption, enhance fair and orderly markets, reduce systemic risks, and protect investors. There is a desire by institutional investors to increase allocations to cryptoassets<sup>1</sup> but the lack of segregated and regulated market infrastructure has held back their participation.

The benefits and market efficiencies achieved through centralised clearing in traditional markets do not need to be forgone by institutions to participate in digital asset systems underpinned by decentralised protocols. By enhancing market structure, ClearToken will support further institutional adoption, helping the digital assets market, currently capitalised at \$2.6 trillion<sup>2</sup>, to realise its full potential.

ClearToken will offer the benefits of horizontal clearing and settlement for digital assets and is committed to advocating for the implementation of a comprehensive supervisory framework for digital assets as set out in its recent White Paper - *"Creating Financial Market Infrastructure for Digital Assets: Securing Tokenised and Cryptoasset Trading"*.

ClearToken intends to be fully regulated in the UK and has initiated the process of obtaining clearing house recognition from the Bank of England, with the intention of launching CCP services in 12-18 months. During 2024, ClearToken intends to launch preliminary settlement services, subject to the receipt of required approvals from the Financial Conduct Authority and Bank of England.

**Benjamin Santos-Stephens, CEO of ClearToken** commented: *"We are delighted with the institutional reception to ClearToken from both established institutional investors, who play a significant role in traditional markets, as well as digital asset pioneers, all of whom have understood the value which ClearToken can bring to digital asset markets."*

*It is also a fantastic endorsement of the UK's leadership on digital asset regulation that ClearToken has attracted inward investment from firms across the US, EU, and Asia. Our investors have recognised that the UK government's progressive legislative program to recognise and regulate digital assets enabling their safe adoption, combined with the UK's existing position as a global leader in clearing services for securities markets, makes the UK the ideal jurisdiction to host the first digital asset Clearing House."*

**Matt O'Neill, Global Head of Business Development, Flow Traders**, added: *"Flow Traders believes continued institutional adoption of digital assets requires built for purpose market structure with clearly defined roles and responsibilities. ClearToken's approach to developing a central clearing solution will contribute positively to counterparty risk management, capital efficiency, and addresses some of the key challenges market participants currently experience. We are delighted to be an investor and strategic partner to ClearToken and look forward to actively supporting the development of their offering."*

**Quynh Ho, Head of Venture Investment and Corporate Development, GSR**, remarked: *"With the aim of reducing counterparty risk and fostering wider institutional adoption, ClearToken is paving the way for a more robust and inclusive digital asset ecosystem. GSR is delighted to be an investor and supporter of ClearToken's mission."*

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<sup>1</sup> 33% of current investors said that they increased allocations to crypto, with 64% stating they would increase over the next 3 years, with none expecting to decrease allocations. - 2023 Digital Assets Outlook Survey, Institutional Investor November 2023

<sup>2</sup> Digital Assets Dashboard, Financial Times, March 6 2024 ([digitalassets.ft.com](https://digitalassets.ft.com))

**Olivier Dang, Head of Ventures, Laser Digital** commented: "Together with industry leaders, Laser Digital is delighted to continue to support ClearToken in its mission to strengthen and improve the structure of the digital asset market."

**Jenna Wright, Managing Director, LMAX Digital**, added, "As a regulated institutional exchange established off the back of our experience in FX - one of the original financial markets formed to bring order to the evolving economy - we recognise the importance of robust, institutional grade market structure to drive growth. We welcome ClearToken's clearing capabilities which will support the development and maturation of increasingly tokenised financial markets."

**Julian Sawyer, CEO of Zodia Custody**, said: "The future viability of the digital asset ecosystem will only come from close collaboration between infrastructure providers. Effective clearing is a significant piece of the overall puzzle – which is where ClearToken steps in. Zodia Custody's investment here is a bet on the institutional future of digital assets, and the ability of the ecosystem to deliver the infrastructure, without compromise."

To learn more about ClearToken, please visit [www.cleartoken.io](http://www.cleartoken.io) or reach out to [info@cleartoken.io](mailto:info@cleartoken.io).

## Notes to Editors

- In order to function, every market, regardless of the asset or its underlying technology, needs to meet fundamental criteria to be stable. It needs trusted market infrastructure, transparent credit and operational risk management, the ability to handle defaults of market participants without contagion, and bankruptcy remote safekeeping of assets.
- Traditional market clearing and settlement infrastructure models can bridge that gap for the still nascent digital asset markets. Clearing houses create stability, liquidity and growth in modern markets by netting settlements obligations, managing counterparty risk exposure which reduces systemic risk and associated capital requirements.
- ClearToken uses the UK law definition of Cryptoasset from Financial Services and Markets Act 2023, Section 69: "cryptoasset" means any cryptographically secured digital representation of value or contractual rights that (a) can be transferred, stored, or traded electronically, and (b) that uses technology supporting the recording or storage of data (which may include distributed ledger technology).<sup>3</sup>
- ClearToken's white paper "Creating Market Infrastructure for the Next Generation of Assets: Securing Cryptocurrency and Digital Asset Trading" can be read here: [www.cleartoken.io/news-insights/thought-leadership/Creating-Financial-Market-Infrastructure-for-Digital-Assets](http://www.cleartoken.io/news-insights/thought-leadership/Creating-Financial-Market-Infrastructure-for-Digital-Assets)

## Contacts

### ClearToken

**Ben Santos-Stephens**

CEO

[media@cleartoken.io](mailto:media@cleartoken.io)

## About ClearToken

ClearToken is building a Central Counterparty (CCP) to deliver robust financial market infrastructure to the digital asset ecosystem. This infrastructure will mitigate bilateral counterparty risk for settlement, financing, and derivative transactions by centralising clearing, collateral, and risk management arrangements. The company will operate 24/7 to provide uninterrupted service while managing risk in real-time through margin and default fund contributions.

As a horizontal CCP, ClearToken will facilitate transactions from multiple venues and OTC markets globally. ClearToken intends to be multi-custodial and adhere to the highest AML and KYC standards. ClearToken's team comprises established corporate governance and financial markets professionals who share the objective of implementing the necessary framework for the digital asset market.

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<sup>3</sup> <https://www.legislation.gov.uk/ukpga/2023/29/section/69>

As a planned financial market infrastructure, ClearToken is seeking authorisation and recognition with the Bank of England and other relevant regulatory bodies and will adhere to the IOSCO principles for financial market infrastructures together with all relevant legislation applicable to clearing houses, payment systems, securities and derivative depositories.

For more information, please visit: [www.cleartoken.io](http://www.cleartoken.io)

## About Flow Traders

Flow Traders (Euronext: FLOW) is a leading trading firm providing liquidity in multiple asset classes, covering all major exchanges. Founded in 2004, Flow Traders is a leading global ETP market maker and has leveraged its expertise in trading ETPs to expand into fixed income, commodities, digital assets and FX. Flow Traders' role in financial markets is to ensure the availability of liquidity and enabling investors to continue to buy or sell financial instruments under all market circumstances, thereby ensuring markets remain resilient and continue to function in an orderly manner. In addition to its trading activities, Flow Traders has established a strategic investment unit focused on fostering market innovation and aligned with our mission to bring greater transparency and efficiency to the financial ecosystem. With nearly two decades of experience, we have built a team of over 600 talented professionals, located globally, contributing to the firm's entrepreneurial culture and delivering the company's mission. [www.flowtraders.com](http://www.flowtraders.com).

## About GSR

GSR has over ten years of digital asset market expertise as a liquidity provider and active, multi-stage investor. Our suite of services includes OTC Trading, Derivatives and Market Making. GSR is embedded in every major sector of the digital asset ecosystem, working with token issuers, institutional investors, miners, and leading trading venues. [www.gsr.io](http://www.gsr.io)

## About Laser Digital

Laser Digital is a digital asset business offering services to institutional investors, including asset management, trading, and ventures. The company is backed by Nomura, a leading financial services group. Laser Digital's goal is to bring confidence to the digital asset market by providing its clients with access to innovative and reliable products and services. [www.laserdigital.com](http://www.laserdigital.com).

## About LMAX Digital

LMAX Digital is a regulated institutional spot crypto currency exchange, run by the LMAX Group, which also operates several leading FCA regulated trading venues for FX, metals and indices. Based on proven, proprietary technology from LMAX Group, LMAX Digital allows global institutions to acquire, trade and hold the most liquid digital assets, Bitcoin, Ethereum, Litecoin, Bitcoin Cash, XRP and Solana, safely and securely. LMAX Digital delivers complete transparency, open access and a level playing field for all crypto currency market participants, within a secure and trusted trading environment. LMAX Digital is regulated by the Gibraltar Financial Services Commission (GFSC) as a DLT provider for execution and custody services. [www.lmaxdigital.com](http://www.lmaxdigital.com).

## About Zodia Custody

Zodia Custody is the leading institution-first digital asset custodian by Standard Chartered, in association with Northern Trust and SBI Holdings. It enables institutional investors around the globe to realise the full potential of the digital asset future – simply, safely, and without compromise. Through the combination of leading technology, custody, governance and compliance, Zodia Custody satisfies the complex needs of institutional investors. [www.zodia.io](http://www.zodia.io).