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DMALINK™

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Digital Asset Trading For Financial Institutions

Underpinned by Investment-grade (Tier 1) Bank credit intermediation services

definitymarkets.com/get-started

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Introduction



Digital Asset Landscape overview

The solution created by DeFinity Markets (a wholly owned brand of DMALINK Limited) underpinned by Tier 1 Bank credit intermediation, addresses the five key considerations raised by Financial Institutions when transacting digital assets.

Considerations

The DeFinity Markets ECN overcomes major market imperfections to help clients transact digital assets quickly and efficiently by minimising counterparty risk and AML concerns.

Capital allocation

Institutions allocate a significant amount of capital to engage in digital asset trading. The volatile nature of Digital Assets requires careful capital management and risk assessment. Pre-funding Digital Assets ties up capital that could be used for other investment opportunities or liquidity needs, limiting flexibility.

Our solution eliminates pre-funding requirements through pre-agreed NOP credit.

Counterparty risk

Trading in digital assets involves interacting with various sub-investment grade counterparties such as exchanges and brokers. Institutions must assess and manage counterparty risk to ensure reliability and security. The decentralized nature of the Digital Asset market adds complexity to counterparty due diligence, as trust in the chosen exchange or platform is crucial.

Our solution eliminates counterparty risk as all clients are onboarded by a Tier 1 Bank for the purpose of transacting on the DeFinity ECN.

Opportunity cost

Digital assets are highly volatile, creating opportunities and risks. Institutions face the challenge of timing their trades to capture market movements. Pre-funding Digital Asset means missing out on potential gains or losses during the waiting period, resulting in opportunity costs for institutional traders.

Our solution enables users to net long/shorts intraday dynamically.

Considerations

Continued

Liquidity constraints

Digital asset markets, especially for smaller market cap tokens, can suffer from limited liquidity. This can make it challenging to execute large trades without significant market impact and increase trading costs. Managing liquidity becomes more complex when a portion of it is tied up in pre-funded Digital Assets.

Our solution aggregates liquidity from direct non-exchange LPs, and gives users access to curated on-demand streaming prices.

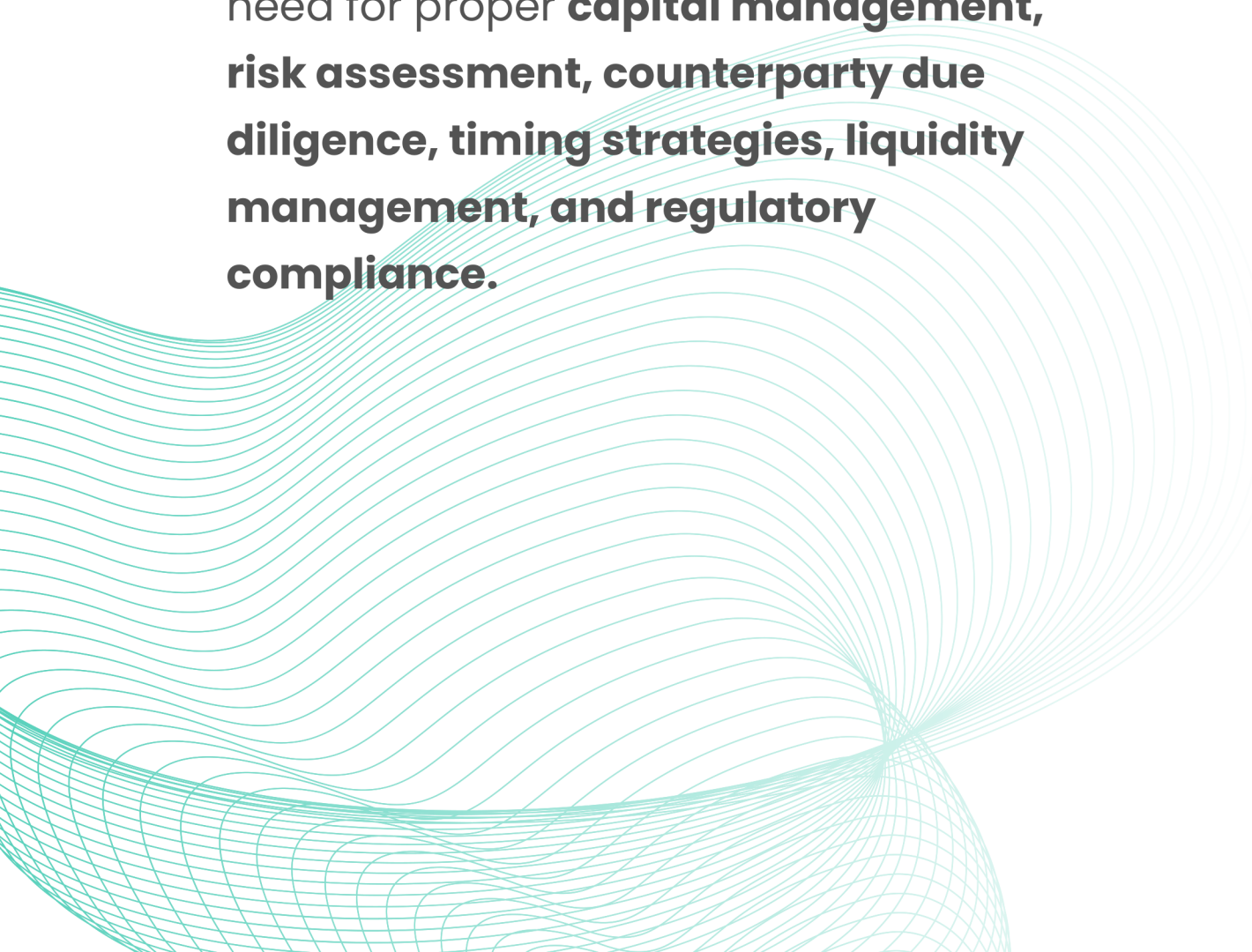
Regulatory considerations

Institutional digital asset trading operates within evolving and sometimes uncertain regulatory landscapes. Compliance with financial regulations, AML measures, and investor protection requirements adds complexity and costs. Institutions need to navigate and comply with regulations to manage risks and ensure compliance in their trading activities.

Our solution eliminates AML and regulatory due diligence concerns as clients are onboarded by an European Tier 1 Bank.

Our Edge

The DeFinity Markets solution was created as a way of addressing the many shortcomings of the existing market infrastructure and to enable safe and effective access to this nascent asset class. Our solution addresses the need for proper **capital management, risk assessment, counterparty due diligence, timing strategies, liquidity management, and regulatory compliance.**



Ringfenced collateral

The addition of a 1 Bank provides a trusted and regulated environment for holding and managing assets and removes the need to pre-fund before trading. This arrangement adds an additional layer of security and compliance for transactions.

User control

Users maintain control over their digital assets either through non-custodial wallets/vaults, or using a creditable digital asset custodian. This ensures direct ownership or control and reduces the risk associated with relying on unrated exchanges to hold funds.



Key advantages

The Digital Asset trading solution caters specifically to Financial Institutions transacting digital assets in their own name or on behalf of the client.

Enhanced security

By allowing users to either self-custody their assets or use a credible digital asset custodian and leveraging the investment-grade expertise of a Tier 1 Bank on our network, the system offers improved security and reduces the risk of funds being compromised or lost.

Privacy and anonymity

The anonymous ECN structure protects user identities, providing a higher level of privacy during trading. Users can participate without revealing personal information, mitigating potential risks associated with unauthorized access.

Reduced counterparty risk

With the elimination of a centralized custody model, counterparty risks related to asset custody are minimized. Users have direct control over their assets, reducing reliance on a single entity and mitigating the risk of loss due to custodial mishaps or vulnerabilities.

Regulatory compliance

As onboarding is undertaken by a Tier 1 Bank all users in the ecosystem enjoy the security and assurance of adherence to current and evolving regulation. Further, we provide trading access in compliant jurisdictions to ensure all users remain protected.



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