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Episode #22: „Krypto verstehen – Folge 9: 21X“
Speaker: Alireza Siadat, Max Heinzle

Alireza Siadat: A new episode of "Krypto Verstehen". This time we have it in English, and I have a brilliant guest with us. I have Max with me from 21X. So Max, thank you for joining us, and please introduce yourself and also 21X.

Max Heinzle: Yeah, thank you, Ali, and thank you also for having me. A great fan of the work that you've been doing here with this fantastic podcast. So yeah, my name is Max Heinzle. I'm founder and CEO of 21X. I've spent most of my career building capital market infrastructure, starting off from the structured product space, from equities to mezzanine to debt capital markets. Before I switched to fintech, I worked in crowdfunding and investing space just about a decade ago, and now blockchain-based financial market infrastructure. At 21X, we're building what we believe is the next generation of regulated exchanges. It's a fully DLT-native trading and settlement venue where securities and cash and tokenized form are exchanged atomically on chain. And yeah, we're actually with 21X, the first company to receive the authorization under the EU DLT Pilot Regime. This is the regulatory framework that became effective in March 2023. And that license, which is called the DLT TSS license, it's actually short for Distributed Ledger Technology Trading and Settlement System license, allows us to operate regulated market infrastructure, built specifically for tokenized securities and cash. So that's a few words about 21X. I know it sounds like a lot, but I'm sure we're going to be able to uncomplicate that in our conversation today, Ali.

Alireza Siadat: Thank you, Max. I mean, it all sounds quite complex and quite new. What I just want to emphasize on, for those who know you, they are not new to the market. Before we jump to the DLT pilot, so you're active already for some time. As you said it yourself, you're active in a traditional capital market for some time, and then you switch to the DLT-based capital market, however, you tried before the DLT existed, already to set up, I would call it like a MTF for DLT-based securities. Remind me, was it with the FMA, with the Liechtenstein regulator, where you did the first approach, and then we all realized without the DLT pilot, it's not really working?

Max Heinzle: Exactly. We originate out of Liechtenstein, so we started with the early developments also that took place on the regulatory basis in Liechtenstein, the TT Service Provider Act, which many people also called the blockchain law, right. And that was, I think at the time, Liechtenstein was really a pioneer in that sense, if you look at it at a global perspective. Just the licenses that we went for at the time would have allowed us to not even provide for an exchange, a regulated form of exchange and settlement, but rather was it, you know, to clarify on the way that you go about issuing, distributing, registering securities on the blockchain, right? And also, obviously, the custodying of these securities or tokenized assets. And then came Switzerland with the DLT Trading and Settlement System regulation and Europe followed in many ways. However, with certain thresholds and restrictions, unlike is the case in Switzerland, as you are much more the expert than me, Ali, on this subject matter, but that's really what happened. And that's when we, as a company, decided at the time that we would leave Liechtenstein from a regulatory, say, strategic entry point and shift to an EU member state. And that's also when we decided that the way forward for us would be to set up shop in Frankfurt 21X AG, which is 100 percent subsidiary of our Liechtenstein holding, today operates out of Frankfurt, Germany, and for the license application, which we already started preparing in 2022, right up to the point where we received the license on December 3rd of 2024. That was including not only the German regulator BaFin, but then also the European Securities Market Authority, actually also Bundesbank and ECB at the time. And at the final stage is actually all the national competent authorities as well. It was quite a remarkable process.

Alireza Siadat: Thank you. I mean, that's a journey, that's really impressive. Let's jump to the DLT pilot itself. First, I want to see, like, where is 21X residing within a DLT pilot regime framework? And then we're going to look at the assets and the thresholds. Let's call it thresholds, but I'm going to explain why the thresholds are not going to be there anymore. But let's start with where is 21X within this regime? What is 21X doing? What is your position? And maybe you elaborate a little bit on that.

Max Heinzle: Yeah, sure, with pleasure, Ali. And I mean, to make it hopefully as simple as I can make it, right, there's really three licenses that the EU DLT Pilot Regime covers for. The first one is the DLT MTF, which allows for the operation of a blockchain-based multilateral trading facility. Then you have the DLT SS, which is the DLT-based settlement system. And then you have the DLT TSS, which is also the license that 21X obtained, and that allows for the combination of the two before mentioned. And it is actually quite remarkable if you think about it, right? Because it is the first time really in the history of capital markets that you don't have, you know, clear, distinct separation, as is, for example, the case in traditional capital markets, where you have the exchange, yeah, and then the clearing houses and the CSD as a special purpose license, right? So, it allows the combination of the exchange and the settlement system and that within a single entity. And that obviously gets us to the point of the DLT Pilot Regime, as it already says, you know, leveraging blockchain technology in a regulated form, allowing for new forms and methods of execution and delivery.

Alireza Siadat: Thank you, Max. So let me put it together for those who are new to the DLT Pilot. Some would mix it up and would say it's only a sandbox, it's only an exemption, but I have seen your process and how long it took for you to get this license. It's really a license. I mean, there are a couple of licenses attached to that, and everyone can look it up in German BaFin-Unternehmensregister, to see what kind of licenses you have covered with that. It took quite some time. And I would say it is basically, in the end of the day, it's a DLT-based trading when you license you have. So, you're allowed to do trading and settlement. I think this is very important to understand. You were one of the first ones who got that license. I think you were like the second, if I remember correctly, in the first private company who got that license. Correct?

Max Heinzle: We were actually the first company to obtain the DLT TSS license in Europe. There was a license that was granted before us for the DLT Settlement System license only. But if I recall correctly, I think it was the Prague Exchange at the time.

Alireza Siadat: Yeah, exactly, exactly. And those who are active in the market know exactly that neither of the other two licenses brings that much because we must ensure trading and settlement within the DLT Pilot. That's why if someone has only the trading license or someone only has a settlement license, this alone does not help. So they must in fact joint venture to provide the comprehensive services needed to do actually, at the end of the day, which is important, what we're going to talk today, to bring together the cash leg and the instrument leg, the delivery versus payment topic. And you were the first one who got this license and who was allowed to cover the whole scenario end to end, correct?

Max Heinzle: That's correct, Ali. And that actually brings me to the point where, in our case, the way we approached it in the first step with the license application and also obviously leading to the point of approval when you have a certain scope of permissions. I mean, we have 17 exemptions from CSDR in Europe. So that's the Central Securities Depository Regulation. We have one from MiFID II, and it's actually quite astounding, right? I mean, we also started on a public blockchain, which many thought would not be possible to realize at the time. If you go back now, it's more than almost three years that we made this decision to move forward. Sorry. It's actually four years, a bit more than three years ago that we applied for the license. Jesus, time flies by. The thing here is, right, that with the set of exemptive reliefs or exemptions that were granted with in addition to the permission, we can operate matching trading and settlement systems on chain and therefore you can eliminate the necessity for clearing. So, you exactly like enable atomic matching and settlement. In that case, on the Polygon Protocol, it is actually the case that it takes not T+2 days, but T+2 seconds. And as we, you know, are adding and as our license permission also allows us to operate on multiple protocols, yeah, we've now added with the Stellar Protocol, another protocol, and we are also in the process of adding further protocols for our venue.

Alireza Siadat: Very interesting. And we're going to look at that later. Later, I'm going to also want to look with you at the use cases and what is happening. But before we get there, a couple of more basics for those who are new to the DLT Pilot. So, there are probably some of our audience listening who would say, “oh, yes, I heard about the DLT Pilot. And wasn't it like the big disadvantage because there's so many thresholds and it doesn't really work out?” And to that, I just want to clear out the scope of instruments and thresholds. Maybe let me start because I'm the lawyer, Max, let me just start to give like what's actually the status and how it's going to change. And you come from the market perspective to say what you can do actually from the status quo. So for those who are familiar a little bit with the DLT Pilot, you know that it was a Sandbox Model trying to introduce first couple of major instruments and put up some thresholds to see how this is rolling and working. And as I understand within the European regulatory bodies like the European Commission, the Parliament and also the ESMA, there's I think a strong hope and a strong belief that the DLT Pilot works and must be expanded. So when we started, we have this article three, which basically says there are like three categories of instruments, shares, bonds, and other security debt instruments, as well as units in UCITS, so funds. And for shares, we had this like threshold, which said like the issuer has a market capitalization of not more than 500 million, bonds and securitized debt was something like up to one billion, issuance size. And then we had this with the UCITS with the funds where it says that the assets under management should be less than 500 million and then we had like this notification threshold, like up to six billion. The operator must notify the competent authority and discuss transition strategies and then we had this hard cap of nine billion when some winding down was supposed to be initiated. So this is the status quo and I make a pause here because, for everyone who's listening, you can basically start to forget about these thresholds because since we have the market integration and supervisory package, MISP, which is known to all of us lawyers at least, and we all know that within this MISP package, there's a big relief for the DLT Pilot. And this big relief is basically quite simple. Almost all thresholds are going to be lifted. I think the nine billion is going up to 100 billion, which is not worth talking about it. Any other restrictions or limits on instruments is going to be lifted. And what is also very interesting, some of the instruments like complex instruments were not allowed yet, like derivative, props and stuff like that. This is going to be allowed in the future, as well as crypto assets under the markets in crypto assets regulation regime like the MiCAR. So this is, I think, very interesting because we're going to combine both, let's call it worlds, the method world and the MiCAR world, which is going to be interesting when we look at the use cases later. Because I can just say that this brings like the cash leg stable coins, MiCAR regulated, and the product leg, which could be some funds. We're going to discuss it in use cases. So how would you see that? Because you were involved, Max. I know you were involved with the European Commission. You discussed all of that. You gave like one-to-one feedback to the regulators, saying what the market needs and how you see it. So what can you tell us from that perspective?

Max Heinzle: That's actually exactly right. We've been very proactively approaching, you know, the regulators also in dialogue with the EU Commission. And when I say regulators, I mean across the board and also, by the way, with the national and also the central bank. I think it takes two to tango. It takes both, in that case, industry and the experiences from the market to be, you know, provided also feedback there and then obviously input on the blocking issues that we see. And obviously, you know, let's not talk around it. I mean, the fact of the matter is that these restrictions, these caps, they are hindering and they actually slowed down the developments to some extent, very much so because a lot of the institutional players obviously took notice that this was timely limited. It was uncertain if it would be continued. And I think that direction, exactly like you say, Ali, I think that's very clear. That's a strong signal. And it's also a reaction to the developments that are taking place in the US, but I'm sure we're going to get to that later. Right, I think that here we're taking the right steps. It's going in the right direction from a, say, entrepreneurial standpoint. From a business standpoint, I must say I would hope that it happens fast. I know that it is now in the process of us seeing those amendments taking place with the DLT Regime, then hopefully also losing its tag of being a pilot and more like actually a clear framework so that we can see this technology coming to usage and this market flourishing. I mean, for that, it needs clear regulatory frameworks. It needs a lifting of the caps. It needs a lifting of the product restrictions that are still there. And until that is the case, we found use cases to leverage, right? And like you said earlier, we'll talk about that in a moment.

Alireza Siadat: Yes, exactly. I mean, you already touched on that. You said the US market. I think it's very important that we do not stay within our bubble talking about Europe, because what is right now happening globally, especially in the US, I think it's very interesting. And right now, when we're recording this one, it's 10th of July. It's going to be probably live in four weeks, I would say. But what we think we can already now discuss, is what you're doing in the US. And this is why I would like to hear from you, not just what you're doing in the US, but how you see the European market. And when I say the European market, it's not just digital assets in the sense of method instruments, but also stablecoins and other instruments. I know we have the GENIUS Act in the US, which basically allows stablecoin issuance. We have the CLARITY Act, which clarifies what kind of asset falls under which regime, like utility security et cetera. Plus, we have an administration in the US, which I would say is rather crypto friendly compared to the earlier one, which is pushing, I think, different, let's call it use cases, which we're going to discuss shortly, but also the whole environment pushing it forward. And probably this is also the reason why I can say so much that 21X is not just in Europe, but also in the US. So, let's speak over that, Max.

Max Heinzle: Yeah, no, with pleasure. I think again, Ali, it's spot on. You know, we saw that with the change in the US administration, there was like a shift in sentiment. You called the maybe the environment becoming crypto friendlier. But I think the reality is that with, you know, things being like regulation being put into place like GENIUS Act and other clear commitments from the regulators to also approach things with exemptive reliefs and non-action letters. Yeah, I think for us as a company, I would say already in Q2 of last year, it became very apparent that with our license in the EU and with the shifting sentiment that we would try and give, you know, try and have a conversation with the US regulators to explore if it would be possible to kind of make use of what it is that we've set up in the EU and contemplate like a US market entry. And at the time, there was no comparable framework and still until today is no comparable framework like the EU DOT Pilot Regime. But I think it was quite astounding to us, that from a meeting that we had with the SEC and also the Crypto Task Force in August of last year, where we presented 21X in the EU, how it functions and how we plan to obtain, say, comparable licenses that would allow us to operate 21X in the US, that gave us really the confidence to engage and start clarifying on a few points in more detail. So with, say, leading law firms, very well connected law firms, both in Washington and also when it comes to, to capital markets and regulation in more detail. And for us, then really it became a question of convincing our investors. Right, with the research and the clarifications that we had received to make that strategic decision. In addition to that came an exercise with a CSD where we understood in more detail how the US is already, I would say, a lot more advanced to a certain degree than the EU market from that perspective. Let's also bear in mind like the US, obviously, there is DTCC as a monopoly, if you so want, by providing its services with staggering figures. I mean, it's 115 trillion in the depository sitting there. And they've made a clear announcement with the No Action-Letter that they've received to move forward on tokenizing their depository and making it available with a multi-chain approach, which I believe, by the way, Ali, is going to be the inflection point for the industry or one of the inflection points. So here we made for us a clear, distinct decision, and we raised the funds to then pursue our US market entry. And we're actually, as it stands, already in the process of obtaining several licenses in the US, to kind of copy paste, like I said earlier, what it is that we're doing in the EU. And then obviously the intention is to enable intercontinentally the pooling of liquidity and also intercontinentally enable the distribution of EU and US assets. Hopefully in the future, then also other regions that should come and be added to that setup. But yeah, that's where we stand in the US. And we're very excited. I mean, it's kind of obvious, right? The US has several advantages, right. It has deeper capital markets. It has greater liquidity. It has much larger institutional investor base after all. Right, and we can see what is happening in the US over the last one and a half, two years. We've been, you know, going forth and back actually also to Silicon Valley and Wall Street, engaging with several players for the last three, four years, and we can see the dynamic that has built up there. We're overall very bullish on those developments.

Alireza Siadat: Thank you for this insight. I think it's very helpful for someone who is active in Europe and went through the regulation journey and now brings this experience and now enters the US market. And also, you're witnessing the changes there, as you said, like there's momentum. I personally think that's a very good move you're approaching and congrats to that. And before we go to what you're doing, talking about use cases and to see some of that, which you already did and something which is on the horizon, let me just for one more time for the listeners explain why we believe and I can say we, you and me and others who are active in DLT environment for some time. But we believe that a DLT-based trading venue is so important for securities, digital assets, and also the combination of MiCAR instruments and securities. I mean, we are in this game for a long time, Max, and we have seen developments in the past where people were talking about using the blockchain only as a registry when you can have the registry to have a protocol about the transactions and maybe leveraging the blockchain for that. But I think we have moved much faster than this. Now, the blockchain or the DLT, let's call it the DLT in a broader sense, can bring much more. And I would like to hear from you, like from the really like from the business perspective, what you would say, what happened so far with the DLT-based trading venue, the one you are running, and what is, what is coming before we go to the use cases, but more in an abstract way in a strategic point of view, why is it so important and how do you see it coming now? And I would even say the importance of this becoming more and more visible and more and more also a major topic.

Max Heinzle: Yeah, so a few points that you touched there and let me maybe get started with, you know, why is DLT-based trading, why is it important that, you know, this is happening on DLT? And I think the real transformation really starts happening, kind of what we talked about earlier when we're not only talking about, you know, tokenized securities going on legacy infrastructure. It's kind of like wanting to stream Netflix on a, on a fax machine, right? If you need to change the plumbing in that sense, that you say, okay, we're working in a smart contract enabled way and you know, there is a degree of disintermediation taking place, right. But at the same time, I'm a true, I'm a big believer in, you know, the likes of incumbents in capital markets. If you think of custodians, if you think of banks and the role that they've played and the customer bases that they've, you know, grown over decades, partially even over centuries, right. This is something that you don't, like a technology doesn't just, you know, lift out of its fundaments. And I think this is also important. We see across the board globally how institutions are implementing, you know, wallet and custody infrastructure and the likes, right, to play a role. And I think that that will lead to a form of transformation now that we see that cash is going on chain, right. So I'm not sure if all of the people listening to us are, you know, aware of the dimension of the volume, the transaction volumes of stable coins that are, you know, just growing like in a, in a very rapid form and manner where we, to my understanding, are already seeing larger on-chain transaction volumes than what is happening in, in the credit card space, for example, with Master and Visa card. Those were figures that I was taking a look at a couple of weeks ago that I thought are very telling for the developments that we see. And if you have cash on-chain for various use cases, then the next question becomes, okay, you know, if you need to off-ramp this on-chain cash, there are fees incurred. So, it actually might as well you know, just remain on-chain if there are products on-chain which allow me to make use of stablecoins as a means of, you know, a currency to invest. And I think here we must not underestimate, you know, the, say, possibilities that arise from programmable cash, right. And really truly natively tokenized cash. Where I know, like, for example, when people ask me, you know, why, why is that a use case for a Tokenized Money Market Fund? And we'll get to that, right? Then you'll come very quickly to understand, okay, this makes sense. And if I can now actually do it without further intermediaries being required, if I can connect, you know, my, my wallet directly to a trading venue, and if this is actually accessible 24/7, then obviously there are advantages right. If it is instant, then I can also instantly start, you know, generating yield. And if I have different cut-off periods, right, I can also take into account that I'm, you know, just parking, potentially funds in such an instrument where it becomes feasible to do that over a shorter period time, because the friction of those funds moving into the product have been significantly reduced. And I think then if one comes to understand which role AI is starting to play in the next step. Literally this is the type of, you know, future that I think gets us at 21X, very excited because we see that transaction volumes and also trading frequency is going to increase by ExFold through these efficiency gains that we're going to have from an infrastructural market side, right? Where in the end, the ones that will benefit from this substantially are market participants.

Alireza Siadat: Thank you, Max. I mean, before we go to the use cases, I would like to summarize what you just said. And add one more point, which we both have experienced, but for those who did not do such project, who only put it on paper or maybe on a proof of concept, they don't know it. So, one point which is very important, besides what you already said, is that if you want to have like a really a trading venue where you're trading one against X, it's not like a peer-to-peer, it's like one, it's not one against one. So, if you want to trade security token, you could do it peer-to-peer. You could definitely do it. But peer-to-peer trading there is then, you have a liquidity issue, you have trading windows, that's not working. That's not a trading venue, like a peer-to-peer market, a bullet-in board where one has to wait until his order is matched. This is not really working. So, if you want to do like with a proper order book, a trading, and this is also something we see, for example, when you look at Kraken, Kraken had acquired backed and their instruments, like the tokenized, stocks, and if you want to really trade with an order book, you quickly come to an MTF. If you come to an MTF and it's based on a DLT, you must have a DLT-based trading venue like 21X. And this is by legal means the only way. So, this is something which is, I think, very important. All the other things you said, it is, it is very true. And I just want to put it like in one example, and then we really go to use cases. So, as I just said it, we have cash on the blockchain. We have different cash instruments. We have, for example, a Commercial Bank Money Token. We are now having the 10th of July. Yesterday or the day before yesterday, we heard that Swift has announced a proof of concept of, I think, 27 participating banks where they use the Swift Ledger for doing cash transactions with deposit token like CBMT. We have heard that Perpetuals or Perps, also Crypto Perps, are very on vogue. And if you want to trade Crypto Perps, you also must have an MTF. So, this is also, also going to work on a DLT Pilot in review. But what is much more interesting to me right now, and this is what I want to look at the next ten minutes and discuss it with you as a one use case, let's call it, is the Tokenized Money Market Fund. And just to start this discussion, I'm giving to the listeners some insights. We have lots of E-money token issuers, and also in the US, stablecoin issuers under the GENIUS Act. And both the stablecoin under GENIUS Act and E-money token under European regulation is an instrument which is e-money and e-money is a very nice instrument. You can use it. It has third party acceptance. You can use it to pay. But what it does not have is the ability to grant yield interest. So the token holder cannot get yield. So in other words, you can tokenize your cash and you have a treasury management where you can do cross-border payment very fast. But then you're sitting, let's say on 50, 100, 200 million euro, which is tokenized or dollar, and you're not receiving any yield. And I think this is exactly the point where the traditional bankers were coming and saying, okay, just swap it to a Money Market Fund. And now the beauty of tokenization comes in. The Money Market Fund, which is so far not on the DLT, you can put it on a DLT, or let's call it, you can take the fund units and tokenize it, put these tokens maybe on the same blockchain as the stablecoin is, put a smart contract behind it and define it to say whenever the stablecoin hits the wallet of the fund issuer, the fund issuer mints the token as Money Market Fund into the wallet of the sender of the stablecoin. And then you can basically have an atomic swap of a cash instrument against a security instrument, yeah. And then the token holder who before that had a stablecoin is suddenly getting yield from the token of Money Market Fund and can in no time swap it back to a stablecoin. So just as the introduction from my perspective and then back to you, Max, because I know that you have already won Money Market Fund on 21X, and you're also doing something in respect to atomic swaps, so please share with us your view on this use case.

Max Heinzle: Yeah, so first of all, I think what we also in, for the listeners, need to distinguish between is the primary market and the secondary market. And we, in the case of Franklin Templeton, which is grBENJI, a Luxembourg-based Tokenized Money Market Fund, and it's a natively Tokenized Money Market Fund, customers have historically subscribed to their product by onboarding directly with them, right. And this is a question of minting the token exactly like you said, right? Customers can either send stablecoins or they can also send Fiat. But there, we as 21X are currently not engaged in that process directly. Where we come into play is for the secondary market functionality. So, we're enabling trading by means of providing liquidity through market makers, right. And then trade participants, both on the buy and sell side, use our central limit order book to instantly go in and out of, you know, their position. I think that is now something that also, just to be clear, we're not yet operating 24/7, but this is something that in light of, you know, the demands that we have from the customers, so market participant side, is something that is being clearly requested and where we also see a lot of opportunity in the future. So, we we're currently ensuring that we expand and enable that for our customers. And yeah, and I think that when we then take a look at, as we already briefly touch upon, and as you rightly so mentioned, Ali, if you then take into consideration, like also the regulatory nature of how, you know, stablecoins have been defined by law and that they are not allowed to be interest bearing instruments, then exactly the topic of the treasury comes into play. And here, I think it's fair to say we're seeing now customers that have, you know, demands for triple-digit million volumes on a daily basis, where it's actually ending up to be feasible for them. I mean, we're talking in really the lower bip region, so basis points, right. One basis point being 100th of a percent, right? So, it's very thin on margin, but it's high volume business. And then interestingly enough, even though we have the thresholds that we talked about earlier in the EU, there are no caps on the volume. So, we can allow for, you know, and also important to note is the caps and the thresholds apply at the point in time of the products being listed on the trade venue. Right, you mentioned earlier certain caps and thresholds on equities, on debt instruments, on fund structures. So, this is something that we clarified on with the regulators because, again, our institutional customers were concerned about that, right? And it doesn't become an issue if you are listing, say, a fund in the early stages, after it has been tokenized and is on offer, because there you normally don't encounter this types of issue. Right, now looking over to and moving away from the tokenized money market fund at, you know, the atomic swapping of equities, for example, something that today in the EU is actually just not possible. If you take a look at, you know, the restrictions that we have, that kind of, you know, cancels out that market entirely today in the EU. But that's the direction that has been taken, as has been publicly announced once again, what I referred to earlier, right, the endeavors that DTCC is undertaking. Right, are leading to exactly that being able, right. And it's not only like equities, you know, being able to be traded on-chain and settled on-chain, but it's also the fact that, you know, this enables then the collateral-based or collateral management use cases, right. Where I think the entire industry is very excited about, you know, the opportunities that are rising out of that or also other use cases. And I think also here, we've come to understand that part of the market is, you know, matching, trading off-chain. We've gone now for an on-chain matching and trading and settlement system. But we've done our work to ensure that we can also branch out into other models, trading models being added to that. Because we see, for specific products, we see specific use and business cases, right. And they bring their own particularities. Like you have dark venues, and you have lit venues, and you have such venues that are, you know, running on-chain degrees to a certain amount. I think this is, these are some of the particularly exciting developments that we're seeing and that, then, obviously, you know, leads us to the likes of use in business cases that are both driven by the Web3 industry, but also by the institutional, call it, TradFi players that are that are putting themselves in place for for this transition, that is in the making.

Alireza Siadat: Okay, so let me put it together and let's see if you can confirm that. I mean, yes, the Franklin Templeton one, as you correctly say, it is, let's call it only, but it's a lot already for the secondary market. But in the US, 21X you could cover also the issuing phase. So, what I understand is that you, it is like an end-to-end model you have. You're not yourself necessarily the custodian and the tokenization engine and the stable coin issuer, but all of those can be connected to you or maybe already connected. They are participants at your trading venue. So, if someone would come, like if a bigger bank would come, would say, I would like to issue my funds. I want to put up a fund in Luxembourg and I want to use a custodian for stablecoins. I'm going to custody myself the stablecoins. And I want to offer to my customers, clients, slash banks, institutions, the ability to acquire stablecoins in the first place and to get in the first place, tokenized instruments here, Tokenized Money Market Funds, and then maybe also to trade it later on a secondary market. Please correct me, but this is something you can already provide. This is something not just for Tokenized Money Market Funds, as you also clearly said for equities and other products. This is what you can provide, and this is the beauty about bringing together cash leg and instrument leg on an atomic way, like call it the atomic swap.

Max Heinzle: So, so almost correct, Ali, the part that we do not offer is the Minting of the stablecoins through 21X. And I mean, please bear in mind, we are very B2B-focused at the moment, even though our exemptions allow us to onboard any type of client. We're very focused on institutional business at the moment. And we don't want to, at this stage, be customer, retail customer facing. So, we don't want to engage into, you know, setups that are competing with the likes of the offering that, for example, neo banks, neo brokers, crypto exchanges are offering already. And yes, other than that, we are in the position with the works that are also ongoing on our end to enable the primary market as well. In this case, customers have bought now historically already Franklin Templeton's grBenji and are holding potentially already such token, or they are then going to buy them through our venue on the secondary market. I think that's just to be clear, the current setup as it stands, right? But yes, obviously we're expanding our our offering and we want to make it an end-to-end offering for our customers. A scalable setup, flawless experience, really. And for that purpose, what I'm also excited about is the work that we're doing with wallet infrastructure providers, for example, right. I mean, I cannot share the the details of the companies that we're working with there just yet. But what I can say is that we are embedding, you know, our trading venue and the access to the tokenized securities' market within the dashboard of these, say, wallet infrastructure providers, right, which offer not only custody, but also various other services than to institutional clients. And there, I think this is a huge case for distribution, yeah, really unlocking distribution potential at scale, because there are thousands of institutional clients that are using these solutions already will be able to onboard with 21X, right, and then instantly swap from stablecoins into asset-backed tokens.

Alireza Siadat: Thank you, Max. Also, thank you for the clarification. I would love to speak much more with you about what's coming on the horizon. I would like to reach out to you and provide you the invitation to speak again to you, maybe in four till five months. And hopefully by then you have your US licenses in place. And then we're going to see if our predictions came true. And yeah, I would love to to speak to you again, as I said, by the end of this year, and we do another recording if that's fine?

Max Heinzle With pleasure, Ali, and thank you. Thank you for the invite. It was great fun. And I would love to come back in a couple of months. And then, as you said, hopefully we will be already able to talk about our experiences from obtaining our US licenses. It's an ambitious time target, but definitely a realistic one.

Alireza Siadat: Perfect, Max. Yeah, thank you. Thank you to the listeners. And yeah, speak to you soon.

Max Heinzle: Thank you, Ali. Thank you, everyone.