



TOKENIZATION, STABLECOINS, AND THE FUTURE OF FINANCIAL INFRASTRUCTURE

Joanna Ossinger 00:05

Okay. I'm very excited about this, an all-women digital asset panel. That doesn't happen very often, but welcome, everyone. Thank you so much for being here, and thanks to Milken for having us. So, looking forward to just getting started on this. So, let's just get into it right away, talking about digital assets. Just if everyone can kind of set the stage of what does your institution do with digital assets, how big a part of the business is it?

Rachel Conlan 00:35

So hello, everyone. I'm Rachel Conlan. I am with the Solana Foundation, so I'm in a slightly different position from everyone else here on the panel. While Fidelity and Morgan Stanley issue on our network, think about us like the rails, not the train that's driving us. I think the simplest way to think of us is as shared financial infrastructure on the internet, where money and assets can move and can settle at pace for a fraction of a cent. I think what we're seeing at the moment, and it's a big talking point at TOKEN, which is a conference that's happening alongside this, is really what is a supercycle, and that's not really just about price action, which has been traditionally associated with blockchain. It's a full movement of money, of ownership of assets on-chain. And it's something that we're very excited by at Solana. We've been around for seven years, which is early when you think about the speed at which this industry has powered itself. But what we've seen so far is like \$5 trillion worth of stablecoin has moved on our network alone this year. We've seen \$4.5 billion worth of tokenized assets launched on Solana by many of the colleagues I have here. And we're just seeing the momentum that's being driven at this moment. It's just incredible.

Joanna Ossinger 02:14

Yeah. Excellent.

Cynthia Lo Bessette 02:15

Yeah. Hi. So, I am from Fidelity. We have a large financial services platform where we offer both asset management products as well as a full-service brokerage serving both retail and institutional clients. Fidelity's journey in digital assets actually has been well over a decade. Back in 2013 or 2014, our CEO and chairperson was very intrigued by the technology and Bitcoin, which, back in 2013, was only a few years old. And what it

represented was really the opportunity for real innovation in financial services, a way to be able to represent value on-chain, be able to store that value and transfer that value, and be able to do so outside of traditional financial operating hours. The journey from where we started back in 2013, 2014, to where we are now actually represents quite a lot of development across the business. We started with a lot of research and development. That was a lot of the work that was done in the very early years. And it wasn't until about 2017, 2018, where that research and development across our applied technology teams developed a custody solution. And so, Fidelity does today offer custody of digital assets for some of the largest tokens, including Solana and Bitcoin and Ethereum. And we also offer products that are able to deliver that exposure of digital assets through brokerage products to our investors. But what's really been very interesting to us over the last five years or so, there's been a lot of work that we've done internally on what it means to bring traditional assets on-chain. And that is representing stocks, bonds, and funds on-chain, and what does that representation for investors, the ability to hold these assets in a different form than in the brokerage wrapper, what does that offer our investors? And that really is what's driving the development for the work that we're doing in tokenization. We launched a stablecoin earlier this year, and prior to that, last summer, we launched our first tokenized fund. And that is the beginning of how we think about the suite of products that we want to bring on-chain, as we also are looking to the future of wealth management on-chain.

Joanna Ossinger 05:16

Excellent. Thank you. Amy?

Amy Oldenburg 05:18

Hi. Amy Oldenburg, head of digital asset strategy at Morgan Stanley. We aspire to raise, allocate, and manage capital on-chain throughout the future, and also help our clients navigate both the traditional and digital side, the hybrid world that we'll continue to live in for quite a while. And after 26 years at Morgan Stanley, I moved over from the emerging markets side to focus on digital assets, and we did this at the firm level. So, we're looking at strategic investments, building out infrastructure across the entire organization, all three divisions, and also looking at designing and launching products across the board. And that hits institutional securities, wealth, asset management. Just to give you a couple of data points from even just the last two weeks, we've launched a number of crypto ETFs—or sorry, excuse me, ETPs. In just simply six months, we just hit \$1 billion this year, most of that coming from crypto or Bitcoin ETP, but also Ethereum and Solana. And it's interesting to see, even though there's products in the market, that there's so much momentum, even in a short period of time, and the demand is still quite there to have the ease of use to integrate into the traditional platforms. We've also announced this week the UK will be issuing a digital gilt bond in 2027. We are one of the co-leads on that issuance that will be happening. And we've also launched a digital asset lab, really focused on testing the technology, looking at product design going forward, and understanding how this will transform the future of finance over the next, not only decade, probably decades to come. And it's quite a significant undertaking. I think one of the things we've seen is really changing everything from the way we think about the culture of the organization, product, how much focus we have to have on infrastructure. Earlier this morning, I was listening to the panel on AI, and they were talking about data and building the technology to support AI. That same thing hits digital assets in a very significant way, and that's some of the topics we'll talk about today and that we're working on at Morgan Stanley.

Kathleen Wrynn 07:42

Hi, everyone. Kathleen Wrynn, global head of digital assets at Invesco. Invesco has been taking a very thoughtful and deliberate approach to how we engage digital assets. So, we started out investing primarily in offering digital asset investment strategies through traditional vehicles, so specifically exchange-traded products. That's been in

place for over seven years now. About 15 months ago, we created the first global dedicated digital assets team at the firm, which now spans across all regions, the Americas, Europe, and Asia. So, while we're still focusing on offering digital asset exposure through traditional vehicles, we've been very focused on now offering as well tokenized products, as well as more ways to how blockchain-enabled infrastructure can help our asset management processes. This is early, as everyone's mentioning, evolution, but we're really being focused on how can we responsibly innovate in this emerging and exciting area.

Joanna Ossinger 08:34

Excellent. Thank you. So maybe just now talk about a couple benefits that digital assets can bring. So, for the average person, why would they want a digital asset over sort of a more traditional vehicle?

Rachel Conlan 08:47

Yeah, look, I think the main benefit is 24/7 access. I think that's what's incredible. The rest of the world works in a 24/7 way. The internet is 24/7. Why shouldn't banking and finance be? I think one of the best examples is what we're seeing with stablecoins and what we're seeing with some of the tokenized products that are being launched. Historically, it's taken a day to settle buying a stock or making a money transfer. I made a money transfer recently to the UK, and it took 12 days. You use stablecoins to do that, it's almost instantaneous. And I think the way that the infrastructure is being renovated and how it's evolving is alongside how business, how consumers, how the broader ecosystem is moving.

Joanna Ossinger 09:40

Right. Thank you.

Cynthia Lo Bessette 09:41

Yeah. So maybe I would add on to what Rachel just talked about. When we talk about 24/7, I think about it more in terms of access at times that are more convenient to the investor. And so, funds typically, or even banking hours and brokerage hours, there's a hard cutoff. But sometimes life or time zone differences make the cutoffs difficult in terms of how it is that you might plan, how you might be able to move money, whether it's cross-border, or simply being able to know what the dollar amount is that you need, but you might not know it until after the cutoff time of the particular product. And so, the idea that you now no longer need to worry about cutoff times because there is going to be a market that is going to allow you to get access to liquidity, that actually matters. It matters not just in terms of how you operate, but it also matters greatly in terms of how you manage your balance sheets, so that you are no longer held captive to what might feel like arbitrary hours. And being in the asset management industry for as long as I have been, we have constantly talked about global capital markets, and the idea that we might be able to trade following the sun is something that the operations teams typically talk about. But there still are realistic limitations because there are local market hours in each of those jurisdictions. And so, this whole idea of 24/7 is not literally that somebody wakes up at 2 in the morning and decides that they have to trade something. It's just simply about the fact that you now have global time zones that are more linked together because of the way in which we have international business taking place. And so, capital should be moving at the pace that business does.

Amy Oldenburg 11:39

Maybe I'll just add on to that. So, coming from the emerging markets world, when I was running our global emerging markets, global equity business, our product, and we had trading hours that we were 24/6. And not only were we 24/6, but we also existed during the day when only half our portfolio was updated because we had batch processing and half the portfolio did not have the prices. That totally changes in the world going forward. And that's really what we're talking about with the full transformation of the infrastructure. You have to get to a real-time data infrastructure to be able to support that. Batch processing has to totally be sunsetted. And I think the real theme, which everyone on the panel has highlighted, is the reduction of friction in the system. When you reduce that friction, it's quite transformative in many positive ways. But also, across our industry, we make a fair bit of revenue in points of friction, right? And that's something that we have to be very thoughtful about in terms of where that friction may disappear and start thinking about the new revenue lines that we can potentially bring on board. If it's lending, if it's actually consolidating some of the volume in the space, we've talked about new venues coming to market where it may actually fragment volume, and there may be new opportunities for us to step in there. So, it's quite interesting. There's a real defensive and offensive playbook that you have to be very thoughtful about when navigating the space.

Kathleen Wrynn 13:14

And just to add to what everyone's mentioning, I think that's also because the narrative has really shifted and the focus for institutions on this new infrastructure that blockchain-enabled workflows can provide. A key reason for that, not to get too technical, but is programmability, is what can be enabled through workflows, and being able to longer term actually reduce intermediaries by leveraging something called smart contracts, which, if you use Excel, you can think of them as if-then statements that automatically self-execute once the predefined terms, if they are fulfilled. And that's really powerful, thinking of how many different ledgers and different intermediaries and different institutions we have to engage with on a daily basis. So that's been, I think, a big focus for institutions, and that's why I think we're all so excited on stage for what is possible going forward for digital assets.

Amy Oldenburg 13:57

You should get really technical because that's some of the most fun that we have, and I think it's probably one of the biggest challenges that we probably all face. Because when you really spend time in this space, you very quickly go down five levels, and you lose a lot of your colleagues in the room that don't deal with this day in and day out.

Rachel Conlan 14:17

To the point of programmability, the way this reduces friction, if you think about it, Bullish, which is a centralized exchange, they put all 115 million of their shareholder shares on-chain, which reduces the intermediary transfer agents, and it allows you to understand the rules of who's holding and how's holding. So, I think there's some extraordinary examples of how this supports everyone in this room in this next chapter.

Joanna Ossinger 14:42

Definitely. So, okay, we've talked about some of the good things about this. Now, what are some of the risks of digital assets? Rachel?

Rachel Conlan 14:51

I think some of the risks of digital assets, and I've spent the last six years in centralized crypto trading platforms, and I think what we've seen there is a lot of challenges around scams, and we've seen issues, for example, around what has been cited as blockchain failures. But I think you need to remove the technology from the human risk. Usually, the failures have been down to issues around the environments in which they've been set up, and not having the right risks and controls. And that's the importance of compliance and the importance of regulation to help support that.

Cynthia Lo Bessette 15:33

Right. Yeah. So, I think there's a couple of things that really, maybe in broader strokes, keep me up at night. Certainly, when you're dealing with technology and connectivity to the internet, there are a number of security concerns in terms of how it is that we have set up the security of the custody of these assets, as well as transfer of these assets. And that's where our technology and our cybersecurity teams are very much involved. Another thing that I do talk a lot about, certainly internally and also with our various partners, is at the end of the day, this is still technology. And technology is very powerful in the way that it can help our operations and our other functions in finance operate. But fundamentally, finance is still finance. And so, the technology does not magically make things happen without considering what the market risks are in changing the paradigm in which you are either storing or transferring value. And so, this is where I do think market risk evaluations are really important in how you design the systems. This technology is revolutionary, for sure, but how the systems are designed, and this is where having both an experienced team of technologists, but also an experienced team of operations and risk management experts who understand market structure, will really help to transform the way in which our back offices, but also the way in which our products, can be designed to operate.

Amy Oldenburg 17:42

Maybe I'll just add on to that theme, which is it's really a total cultural shift within your organization. So even the concept of front office and back office really starts to blur and become more side-by-side seating, especially as we're looking at product design. So, if you think about in the past, where we designed maybe a new investment fund or a structured note, the team would really design for what the client had a need for and not really think too much about the operations or the back office or supporting technology around that. One of the big areas of risk is the actual financial product is the technology, and that's a real challenge. Because even if you think of hacks of the past, if there was a hack, it was typically focused around data. The data then had to be monetized in order to capture any value from that hack. In this new world, because that financial product is actually the value, once you hack that investment product or structured note, you have realization of that capital immediately, which is one reason you're seeing, if you follow the digital asset space, and many times we'll even say, "If you don't believe in the crypto space, just at least look at that as a sandbox for what's happening and what the technology you can gain from it, but also some of the risks associated with that." And there's a lot of learnings that we have to think about as we design some of these products for the future, thinking about the technology and really changing how that happens within the organization.

Joanna Ossinger 19:20

All right. Kathleen.

Kathleen Wrynn 19:22

Yeah, maybe just to add one other item no one mentioned. Thinking from a risk perspective, a key thing I think we're all looking for is new utility and use cases for being able to operate tokenized funds. And with that, a key

way to do that is to engage on decentralized finance protocols. It's very important, though, in doing so, really the ability to, what we're seeing now is actually collaborate with these on-chain native players to ensure we have institutional-grade governance and controls in place in order to responsibly innovate. So, with that, it's very important to make sure that we are engaging in a very thoughtful way because that does come with risks, of course, as a lot of them are emerging.

Joanna Ossinger 19:59

Excellent. Okay, and now the question that we have to ask all the time in all panels, right? AI. How is AI changing the game for digital assets? What are you seeing right now?

Rachel Conlan 20:11

Look, I think AI—blockchain is the operating system for AI, and I think it's becoming a real economic actor. When we think about the speed at which transactions and actions can be taken in the financial industry, I think we have work to do in terms of how they're integrating and how we're working alongside each other. But I think the speed at which we'll be able to reduce friction in processes and speed to market on innovation around financial products is going to be enormous. I think what we're going to see is innovation happening in the next year that may have taken 10 years to achieve historically.

Cynthia Lo Bessette 20:53

Yeah. I think that's actually one of the themes that we talk a lot about, and I talk a lot about, in fact, is what we've seen with technology through various innovation cycles in financial markets over the last few decades—fundamental change in the way in which financial markets operate typically takes a couple of decades, really, to take hold. You think about moving from paper processing to digital, or the speed of our back-office settlement systems moving from, I remember, T+5. Right? And it feels like it was a lifetime ago. It probably was. And moving from five down to T+3, T+3 to T+1, each one of those cycles has compressed, and that's really where technology has accelerated the life cycle of an innovation cycle. Where AI is accelerating even more, the velocity of innovation cycles is like none that I've seen throughout my career. And what that does is it reduces significantly the barriers to entry from participants outside of what we would typically think of as our competitors in financial services. And so, Amy hit on it earlier, talking about new business models that are emerging and being enabled by the way in which now barriers to entry for participants to facilitate the transfer, storage, and accumulation of value for individual investors' access to financial services is like none that we've seen in the last 10, 20 years. And that continues to accelerate with this technology enabling new business models to come to life.

Amy Oldenburg 22:49

I think people are underestimating how disruptive AI could be for the asset and wealth management business. I'll just give a couple examples. If we think about, and a number of us have been playing around with some of these agent apps that are out there now, Instinct, Muse, and others. If you think about what those agents can do for you as a consumer, they can now put products side by side, find some of the hidden costs in the system, potentially raise those, drive clients to totally change and optimize their exposure. That's quite significant, and I think even if you think about that for some of the hot topics in the asset management business in the last number of years, if that's direct indexing, tax-loss harvesting, do we really need those products if the agent actually can customize and optimize for you? You may not even need those businesses going forward. So, this is something that we really have to be careful of, and there's this view that it could take a decade or two decades, but we weren't even talking about agents 12 months ago. And we had a dinner with a number of financial analysts a couple weeks back. It was

three or four days after Muse had launched, and everyone around the table had already downloaded the app. That was quite significant. If we have that sort of J-curve like we've had with some of the LLMs and how they've taken off over the last couple of years, it could come faster than we think.

Kathleen Wrynn 24:20

Completely agree. And I think also it's important to highlight that each technology really benefits what the other has challenges around. Speaking of blockchain, it is ultimately a static ledger, right? So, AI's ability to bring dynamic workflows, potentially AI agent-to-AI agent transactions, is really powerful. On the other side, for AI, blockchain is an immutable ledger. So, bringing data provenance, data integrity, really powerful when you think about how these can be combined together. And so ultimately, I think over the past decade, digital assets and blockchain-based applications haven't had the adoption that's been anticipated because of the friction that occurs trying to operate on blockchain rails, and also having to know a bit about how to actually be able to navigate. That is going to ultimately, with AI, potentially be abstracted away to make the user experience so seamless, you didn't even realize we're using blockchain rails. So, what held it back over the past decade, we really anticipate what's going to make it really increase significantly because of that integration. Maybe just to add to what Amy's mentioned as well in terms of interesting statistics. When it comes to tokenized funds, a large global bank recently estimated in a report that was published publicly that their bull case by 2030, tokenized products are going to reach over \$8 trillion. That's pretty significant when you think right now, the current market cap for all tokenized products globally is under \$40 billion. So that on top of thinking of stablecoins, again, \$300 billion right now. The US Treasury Secretary estimates we're going to be at \$3 trillion by 2030. So less than three years away, that integration of AI and blockchain is going to be a key enabler to make that possible.

Joanna Ossinger 25:52

Very nice. So, okay, let's go into access. We were talking a little bit about how products are more accessible to the average person. So where are we seeing the most effect on access? Are we seeing it with the unbanked? Are we seeing it with emerging markets? Or is it still sort of with a fairly sophisticated investor who just wants to get into something a little bit higher level?

Rachel Conlan 26:16

I've spent the last five years, as I say, working in the centralized exchange, and where we saw the biggest impact happening was really with the unbanked. That was the large majority of our users who were looking at this in different ways. And while we're on a journey there, I think there's still a longer journey to go. It's just partial. I think one of the best examples of how we're seeing this come to life is with Western Union. They have traditionally been the main channel by which workers in frontier markets are sending money to home countries. And they recently, in August, launched their own card on Solana with their own Stablecard that is now available in 35 countries, heading to 70 countries, and 175 million merchants globally. And what's interesting about that is it usually costs 5 to 10 percent of a fee in terms of sending those salaries home, and that reduces that cost significantly, which is why we're seeing such high adoption in frontier markets of digital assets, because they're immediately seeing the functional benefit. I think the other examples are in countries like Latin America and Türkiye. There are big changes happening in saving and in investment, for example. You've got stable bonds, which are where, in Mexico at the moment, you can hold government bonds as an individual that are backed by stablecoin. And then in Türkiye, we're seeing most people—there's a one in two penetration of crypto in Türkiye. It's the second-largest penetration globally of digital assets. And the reason they're doing it is to hedge against inflation. So, we're seeing high adoption in these frontier markets as a result of the infrastructure this is providing

them that they didn't traditionally have. So, while we're still seeing 1.6 billion people unbanked, with the speed at which this technology is changing the financial rails, hopefully we'll get to a better point with that.

Cynthia Lo Bessette 28:38

Yeah, I think in terms of access, outside of developed markets where access to banking is very difficult, if not impossible, stablecoins have really found a higher-value use case in being able to allow for those unbanked to be able to access abilities to send payments, remittances, and be able to actually store value. I think maybe coming closer to home, as we think about where tokenized funds and tokenized assets are going to make an impact on US investors, is the opportunity then—and I think earlier we talked about this idea of programmability. Across our brokerage platform today, there are a number of ways to be able to get professional advice through packaged products that have a range of ability to have full investment through investing in the fund, or more self-directed tools and opportunities to be able to build your own portfolios, whether through models, direct indexing, or research if you want to construct your own portfolio with individual stocks. All of this is done through traditional brokerage hours. What tokenized funds and tokenized assets allow for is being able to now deliver collective investment through not just the assets now being on-chain, but wrappers that will also be available on-chain. And there's a lot of work that is being done across actually a number of large asset managers looking at this concept of vaults. And a vault is really a next-generation on-chain fund wrapper. It's an ability now to deliver much more individualized, personalized advice that incorporates instruments that now trade outside of traditional market hours. So, you get more individualized advice, holding assets that are able to be accessed and traded outside of market hours. And so now you actually get to another level of personalization beyond investment programming and risk management, liquidity. You get to think about access to individualized liquidity, which, if you're looking across holistically multiple account types, that becomes a much more holistic financial solution. So that's really where we see all of the development work around tokenized assets and funds ultimately going. And quite frankly, the delivery interface will look the way that it looks today. So, at the end of all of this, what clients are really looking for is advice and help in managing their financial lives. Whether the assets sit on a traditional ledger or whether they sit on a digital ledger is not what they care about. They care about access. They care about really trust and confidence that the assets and the financial solutions are able to meet their financial needs.

Joanna Ossinger 32:07

Amy?

Amy Oldenburg 32:09

Maybe I'll just make one point. We had an offsite last week before I flew out to Singapore, and as we were debriefing from the offsite, we had to come up with a movie title to represent the theme of the week and the work we were doing. And the team went with *Everything Everywhere All at Once*. And I can only tell you that's how it feels. We have a very unique lens into this, where we have our institutional sales and trading business, where we're issuing and trading assets, our asset management business, where we're manufacturing products, and then also wealth, where we're distributing a lot of those. And you really can go through almost every aspect of the business and see where the use cases are. There's incredible ones, many in the industry focusing on collateral management, tokenizing Treasuries, tokenizing JGBs. When you do that, and to Cynthia's point on settlement cycle, you actually remove cutoff times. So, for managing some of your businesses, this can be quite transformational for treasury management, managing across global entities. On the wealth management side, we can start looking at tokenizing private shares, and on and on. And then also, just to speak to the emerging markets, there's incredible use cases there. It just might not be our space to actually tap into that market, but it can still

grow significantly. And I think in the current environment, everyone wants to say who wins and who loses, like tradfi loses and the new world wins. But in fact, you could actually have significant winners on both sides of the table and really see growth continue to just expand, thanks to the technology that can really bring that to the table and make it even able for us to do with the bandwidth we have.

Kathleen Wrynn 33:59

I think that's an important point because really what we're doing right now is building for the long term. If you think about how we operate right now, it's very much an account-based model, where you have checking accounts, savings accounts, multiple investment accounts. In order to hold a stablecoin, a tokenized fund, you have to have wallet-based infrastructure to do so. So right now, who's actually investing in these products? It's actually investors who manage their entire portfolio or business completely on blockchain rails. We know that traditional clients are going to converge and want to hold these tokenized products, but it's an evolution. As Cynthia was mentioning, the delivery is changing. And naturally, not to go back to AI, but that's really critical because you want to abstract away kind of that wallet-based infrastructure to make it a complete user experience. So, while we are early stages, and the primary investors currently in these products are on-chain investors, we know longer term that is going to converge.

Joanna Ossinger 34:45

Yeah. It's amazing because just looking at the use cases that we do have, even six, seven years ago, you didn't have all these—and people would say, "Oh, look at blockchain. It can do all these things." And, "But what's the use case? How do you get it to consumers?" So, things have changed quite a lot. But that also brings up the idea of what is the next thing that we're looking at. What do you think is going to be one of the next big innovations that take this space forward? Rachel?

Rachel Conlan 35:16

I'm going to less talk about innovation and more talk about what I think is going to drive the momentum behind these two industries converging. Because it isn't about blockchain or digital assets replacing traditional finance. I think where we've seen the biggest momentum happen over the last two years is through adoption by credible players such as those on this platform. And I think that's going to be critical in terms of driving distribution. Ultimately, blockchain should be an invisible technology that's powering what is the next wave of innovation in the financial industry. And I think that's critical as we look at this next chapter, is the more people in this room working in traditional capital, and as they're allocating funds to this space, is ultimately what's going to drive global adoption here. And I think the second most important part is going to be privacy. I know many people in this room are concerned about the open and transparent nature of privacy, on top of the security elements that you spoke about earlier on. But I think ensuring that we have the right privacy functionality that's built into these products is going to be critical in terms of continuing to drive the momentum, because we still are so early in this journey, and there still is huge discovery. We need to move faster from the curiosity into the implementation phases.

Cynthia Lo Bessette 36:50

Yeah, I think that's totally fair, and something that we've heard quite a bit over the last couple of years. And in fact, I actually was on a panel entitled "The Institutions Are Coming." And we are incredibly early, despite the fact that we've, in many of our experiences, felt like we've made a tremendous amount of progress. We've made progress because we've gotten better regulatory clarity as to what some of these new business models around how we might be able to capture value and transfer value through different business models might mean and what that

might look like. I think the next few years of market infrastructure and market governance development is not only going to be critical for how it is that we are going to see mainstream adoption of digital asset rails. Finance is still finance, and the governance and the operating principles of how it is that individuals can get access to financial services and the market participants can continue to be able to build the back-office and front-office infrastructure to be able to take advantage of these new operating rails, that's what is going to be unfolding over the next several years. And so therefore, I think the voices of people with market experience, but people who also understand the opportunities that the technology represents, is going to be a critical intersection point for what is going to drive this development.

Joanna Ossinger 38:42

Thank you. Amy?

Amy Oldenburg 38:44

Prior to joining Morgan Stanley, I was working at an internet consulting company in San Francisco in '99 and 2000. And at the time, we were launching digital billboards for Fortune 500 companies. We were basically taking their brand and putting it on the internet, and it was very expensive to do that. But we were doing it without even knowing what the roadmap ahead looked like. There was no—we didn't even have iPhones at the time. We didn't have any sort of App Store. We didn't have transactions. This is kind of pre-PayPal, to even have any sort of transfers of value online. And I think that's a good parallel to just think about as we're sitting here tokenizing assets. So, we're just bringing them to the digital side of the fence. We need to do a lot of that unsexy work and get it on the digital rails, and then down the road, over the next three to five years, we'll really be able to pair that with some of the opportunities ahead that we may not even have visibility on now, and I think that's really important to keep in mind.

Kathleen Wrynn 39:52

I think it's a great mention of iPhones. I think it was Steve Jobs who said, "I'm giving them a product that they didn't know they needed, and now they can't live without." And that's very much where we are right now with digital assets. I think right now we're very focused on what utility and use cases can be enabled from tokenized products. Tokenized money funds have found the clear product-market fit. They currently equate to almost 40 percent, I think, of all tokenized products in market. But what's exciting is what is going to be unlocked through other asset classes. So tokenized exchange-traded products, private credit, these are all being very much worked on. What are those use cases, new business models that can be unlocked by operating on-chain? Cynthia also mentioned vaults. Incredibly exciting, I think, the utility that can offer. So really, it is early, but I think that's what I think we're all so excited about on stage.

Rachel Conlan 40:34

Yeah, think about it. 25 years ago, music, maps, news went online, and it was a new innovation. No one knew where that was going to travel. I'm sure no one was able to get here without Google Maps this morning. So, when we think about the pace, it's just going to be a faster innovation cycle in this next stage.

Joanna Ossinger 40:51

Right. Okay. So, can you maybe all just give kind of one takeaway that you want everyone to come away with from what digital assets are doing in the future and what they should be thinking about as they deal with them going forward?

Rachel Conlan 41:07

I think it's the word of the week, which is tokenization, tokenization, tokenization. Whether you're working in traditional finance or working as a capital allocator, I think it's exploring what are the innovations that you can take away, and the major banking partners are there to educate on how you can enter into this industry in a way that is comfortable for you at the stage at which you're at.

Cynthia Lo Bessette 41:33

Yeah. So maybe my takeaway is that while we all think that today we live in the greatest capital markets of all time, what we don't know is what's ahead. And to be satisfied with what we have today is really not the human condition. It's always the drive to continue to innovate and improve, and that's what this age and this technology is offering today.

Amy Oldenburg 42:01

I would say focus on infrastructure, start making the investments, and also really think carefully about security. I think one of the things that's really critical for this space is you need to have that core infrastructure layer built and hardened, because it's really impossible to launch any products in this space if you don't have that infrastructure right. And that's not a "we'll just spin it up in a quarter" type of activity. It takes a considerable amount of time, especially because the regulatory environment wasn't really favorable on this space, so there's not a lot of enterprise institutional-ready infrastructure. Everyone on this panel is building in the background, and that's something we really have to keep in mind.

Kathleen Wrynn 42:45

And to add to that, I think it's really critical just to not underestimate how long it takes to really be able to understand how your organization can actually operate on blockchain rails. We have so much expertise across each of our firms, across every function, and really the ability to understand how digital assets can impact their respective area is an evolution. And so really being able to start initiative by initiative. We're mentioning products a lot right now, but really every tokenized product that we're launching, it's three interconnected areas. It is new products, so new investment vehicles, whether tokenized funds, tokenized yield alternatives, stablecoins, tokenized deposits. But the second thing is infrastructure. As Amy mentioned, this is actually changing and can potentially replumb how we operate and create new use cases to do so, and in doing so, changing how investment management takes place. And then third is really when it comes to client experience and delivery of these products, that is also being changed, again, because of that underlying infrastructure. So, this is an evolution. It's going to take time, and really the time to start, in my view, is now.

Joanna Ossinger 43:41

Excellent. Thank you so much, ladies, for doing this, and I hope you all enjoyed our panel.

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