

Blockchain-based bonds: what potential for the public sector?

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PANELLISTS



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#GovBlockchainBonds

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Global Government Fintech recent coverage (examples)

- **Hong Kong issues first tokenised green bond (2023)**
- **EIB launches 'world first' sterling-denominated digital bond on blockchain (2023)**
- **Swiss city of Lugano issues blockchain bond (2023)**
- **Israel to pilot issuance of digital government bonds on blockchain (2022)**

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WEBINAR QUESTIONS

- Why would public authorities want to use blockchain for bonds?
- What are the cross-cutting reasons to do so and what are specific examples? (for example, related to the environmental/climate-change agenda)
- What are the obstacles to further exploration and implementation?

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DIGITAL BRAZILIAN REAL

CBDC Pilot-project – ‘*Piloto RD*’

Tokenized Federal Government Bonds

March 2023



Brazilian Digital Real – Guidelines March 2023 (partial)

Guideline 1. Emphasis on the development of **innovative business models** that leverage **emerging technologies** – such as smart contracts and programmable money

Guideline 3. Issuance of the ‘Digital Real’ by the BCB as a means of payment to support the provision of **retail financial services** that **will be settled through deposit tokens, necessarily issued by regulated entities of the National Financial System (SFN) and the Brazilian Payments System (SPB)**

Guideline 8. Adoption of a **technological solution based on DLT** that enables:

1. Assets of different natures **(multi-asset)**
2. Decentralization in the provision of products and services **(composability)**
3. Interoperability with legacy domestic systems and with other systems to allow the flow of information, as well as trading of regulated digital assets **(interoperability)**
4. Integration with systems in other jurisdictions, with a view to making cross-border payments. **(domestic and international)**

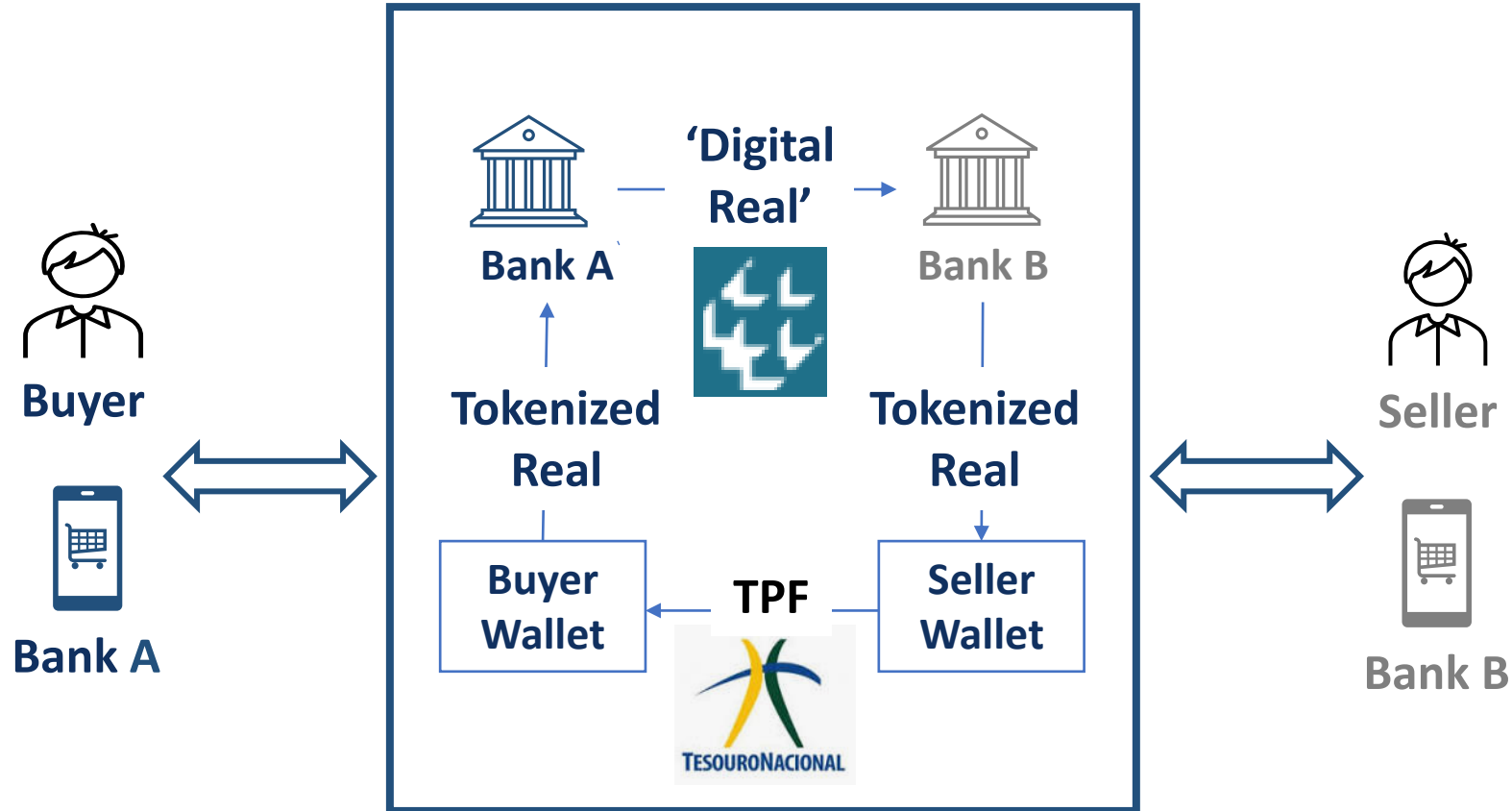
1 Multi-Asset DLT

- ✓ **Digital Real – Wholesale purposes**
 - ✓ Bank Reserves and Settlement Accounts
- ✓ **Tokenized Brazilian Real – Retail purposes**
 - ✓ Deposits held at financial institutions
 - ✓ Accounts held at payment institutions
 - ✓ **Federal Government Bond (TPFt)**

2 Simulation of transactions

- ✓ Issuance, redemption and transfer of the assets, and the related financial flows
- ✓ Programmability of of financial assets
- ✓ DvP up to the end customer level (atomic settlement).

Piloto RD



“Pix of the financial services”

**DvP up to the
end customer
level**

Atomic settlement*

* Simulated transactions and clients

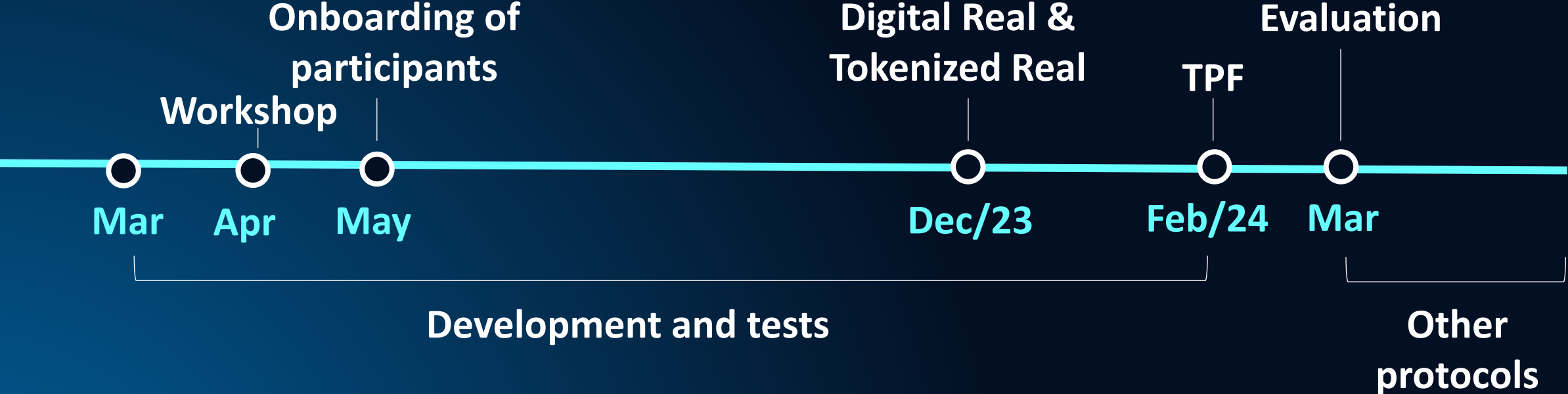
Pilot RD platform

Platform: Hyperledger Besu

Suitable for the *Piloto* RD given the following features:

- ✓ Compatible with EVM in a permissioned network
- ✓ Support for transaction privacy and ability to incorporate additional modules
- ✓ Open Source with active development by the Hyperledger community
- ✓ Several IT providers (Brazil and abroad)
- ✓ Platform with projects in production

Piloto RD – Next Steps



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