

*diffusetap*  
Virtual Event Series

# Securitize Everything (Legally!)

*Guest Speaker:*



**François de Chezelles**  
Co-Founder and CEO  
Talium

*Hosts:*



**Kenny Estes**  
CEO & Founder  
Diffuse



**Ayla Kremb**  
COO & Co-Founder  
Diffuse



## DiffuseTap: Securitize Everything (Legally!)

Last time on DiffuseTap, François de Chezelles, Co-Founder and CEO of Talium, talked to us about what types of assets can be turned into a security, why tokenization is going to be huge in 2023, and how to deal with the constantly evolving regulation around tokenized assets in different jurisdictions.

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### DiffuseTap

This networking session is part of our weekly virtual events series. Networking (you'll bump into at least a dozen high caliber fund managers) meets purposeful (you'll tap into brand-new sources of ideas)... straight from your armchair like a boss.

### Meet the Speaker



FRANÇOIS DE CHEZELLES is a tech industry veteran with over 20 years of experience helping build innovative IT companies. As an expert in blockchain transformation consulting, he is currently CEO and co-founder of Talium, editor of the Digital Assets Marketplace as-a-Service platform Talium Assets in which businesses can securitize their unlisted fundraising vehicles such as equity, bonds, real estate, funds, royalties, and ICOs. François graduated from MIT. LinkedIn: [@tokenization](#)

### About Diffuse®

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**KENNY ESTES:** François, do you mind telling the good folks a little bit about your background and what you're up to over at Talium?

**FRANÇOIS DE CHEZELLES:** Hello, everyone. Thank you very much, Kenny. And thank you very much, Ayla, who initially invited me. I love your show. It's really an honor to be here. A little bit about me. I have 20 plus years of background in digital transformation projects. I am originally an engineer, and I have a personal passion in using state-of-the-art technologies to solve real life problems, typically real life problems of companies.

It's typically a B2B activity, but more often it's B2B2C. Having said that, I co-founded Talium 10 years ago. It's an IT integrator, building turnkey projects for blue chips and startups. We also specialize in and do a lot of blockchain projects.

Back in 2018, we realized that there was something to do in the financial sector capital markets with tokenization. We started developing Talium Assets, which is our tokenization platform. It enables us to create white-label marketplaces for digital assets where we can tokenize pretty much anything. It can be any asset with classes and subclasses.

For securities, for ICOs, for revenue-based financing, we have a wide variety of projects. It is a platform used in over a dozen countries. We are not in the U.S. yet, but hopefully will be in 2023. The platform differentiates itself by offering total flexibility: with the nature of the assets, with the blockchain, with compliance issues in regards to diverse jurisdictions, etc.

**AYLA KREMB:** Awesome. I will throw you into the deep end with some questions. Thinking about tokenization and securitization, what are the assets that you guys handle at the moment? Is it real estate or anything else exotic? What are you doing?

**FRANÇOIS:** Okay, there is a history. To answer your question exactly, at the moment and for the last four months, there's been a huge demand that we didn't have before in the real estate business. It's like 80% of our projects. It can be very different projects because it can be a project where we tokenize real estate companies' securities. It can be bonds, but most of them are shares.

We also do revenue-based financing for such companies, where the rental revenues are split. We currently also have another type of project which is not securitization. It's using real estate as a collateral to create a stablecoin or real coin. At the moment, real estate is really a big part of what we do, and probably a huge part of what we're going to be doing in 2023.

But before that, we've also been doing other tokenization projects for equity, bonds and fund shares. We've done that in diverse countries. There are countries where it's easier to move quickly, like in Africa, for example. Our platform is essentially used by intermediaries. We onboard investment projects and investors – their network of private investors or retail investors.



For example, in Africa we have a private bank where they onboard investment projects for the equity of companies, or bonds, fund shares, or other assets. I won't talk too long about that. We've been doing a lot of ICOs as well, which is a bit different. But still, I'm mentioning it because I know that in the US, a number of utility tokens are sometimes qualified as securities.

ICO projects can actually be interesting for the platform because they have made us develop new features like supporting thousands of investors on peak demand, building advanced reconciliation modules, handling advanced referral programs, etc. We can leverage these for all the other projects.

**KENNY:** Fascinating. You touched on a lot of different things there in different countries. Let's pick up Chris' question here in the chat. The question is, what's the state of play with real estate tokens in the US? Also, you said you weren't in the US, so why is that? And can you compare and contrast the rest of the world with how the US has gone about it?

**FRANÇOIS:** So firstly, why am I not in the US? Our company is based in France, which is in Europe. I would say securitization means stepping into a world where regulation is heavy, and has lots of consequences. It's a world where you need to handle many legal aspects, and it's complicated, like all of you know. It's complicated in France, complicated in Europe, and the regulation keeps on evolving.

And there's quite some market to do here already. There's also business to do in Asia, and we do intend to develop there. I would also say that we simply think that everybody's already looking at the US market. So we thought "okay, let them look at the US market, and we'll look at something else at the moment. But we'll definitely go there."

In terms of being able to go there, this is not an issue for us. If you want to work in this or that jurisdiction, you need to consider different things when you do these projects. There is the legal aspect, and the legal aspect is not us. We are the engineers, the tech team. We develop a platform. And for every project, wherever it is, it needs to be accompanied by legal counsel which can work in this specific jurisdiction.

And for this specific jurisdiction, the legal counsel will say, depending on the specific needs of the company and how they want to raise funds, there will be specific constraints that depend on the jurisdiction. The technical requisites upon us include being able to tokenize that asset, whichever it is, and that's one important feature of our platform: being totally flexible to enable that.

We don't push a certain type of asset. We say, "Okay, do the financial structuring that you want and that you need and that you are allowed to do, and then we can digitize it." We can also handle all the AML processes that may be specific to the country. Still, what is very important in terms of compliance is everything that relates to the secondary market. Every single secondary trade needs to be compliant with several requirements.

First, the jurisdictional requirements, which may evolve in time. On day one, they need to be compliant with regulation. That includes KYC AML compliance, but there may be other constraints as well. Then,



they also need to be able to evolve in time, easily. It is important to note that the purpose of tokenization is doing something digitally that was not done digitally before, and bringing benefits in the process. Among these benefits is indeed digitization, hence the possibility to automate processes, reduce costs, etc. It's important to work to reduce costs all the way. Going back to the processes, going down to the secondary market is important because you want to be able to perform a trade on the secondary market in compliance with the regulation that has evolved. And when you update these rules, it needs to be simple and not costly.

Also, the trades need to be compliant with, for example, shareholders agreement rules. These may evolve in time, too. We make this easy.

So to get back to your question, working in this or that jurisdiction is in fact not an issue for our platform. Just so you know, just today I signed with a new customer in Georgia in Europe. We work with between 12 and 15 countries, it's not a concern. And sooner or later, we will move to the US.

**AYLA:** One question around how you interact with liquidity provisions. You might not be an ATS or provide secondary trading liquidity yourself, so how do you work with that on your clients? How do you integrate or automate that?

**FRANÇOIS:** Excellent question. It's indeed extremely important. Because the whole point of tokenization, and the number one added value on the market of tokenization, is the fact that the asset becomes easily transferable. It's all about the secondary market because with a secondary market, you improve liquidity, then you reduce the risk for the investors. That's what tokenization and securitization is all about. So, how can we do that? Well, there are several ways.

If you want either an OTC market where it's possible to handle the trade between the investors, or if you want an actual MTF platform that is at least using a matching engine to match, buy, and sell orders, well, you need to be regulated for that. So, our way to proceed with that is to have regulated partners. We currently have a partner for the European Union, where there are regulatory rules that apply to around 30 countries.

We have a partner which is regulated for the secondary market and with which, once the primary market and KYC has been handled on our platform and the distribution of the assets has been done, it is possible then to provide secondary trading venues in a regulated environment. For that, there are two options. One is OTC trading involving peer-to-peer negotiations. This is feasible.

The second is the use of a securities exchange with a matching engine. There are very few around the world. We are partners of several in Europe.

Tokenization is growing around the world for a very simple reason. It's because tokenization doesn't create new businesses or new use cases. It's the same use cases as before, simply made simpler, cheaper, and less risky for the investors. It's just better.



So of course, every jurisdiction will move to tokenization. In Europe, a pilot regime is going to begin two months from now, and for three to six years. It's going to be much easier to put tokenized securities in exchanges. It's going to be much simpler to do secondary trading using a matching engine. It's going to be huge.

Not only is it going to be possible to do that, but there's also something really interesting happening. Typically, tokenization is tackled around the world only with unlisted assets like equity, bonds, fund shares, etc. It's only unlisted assets because typically, when they are listed, there are intermediaries in place, and the blockchain becomes useless.

Something interesting with the DLT pilot regime is that it's actually going to be possible to do the same with listed assets, which is actually extremely promising, generally speaking. Because that means that the regulators in general are realizing that tokenization is the future. Everything's moving there.

**KENNY:** That's great. That's very thorough. You touched on this a little, but I'll pick up elements of Henry's question from the chat here. Obviously, you're in Europe, so how's the adoption there? You talked about the regulatory and the DLT pilot program that's being spun up. Are you seeing the idea of having secondary liquidity, where you have to have a sufficient amount of volume? For the assets that you're tokenizing, are you seeing deep liquidity? Are you seeing a significant amount of volume? Or is it more on the calm? For context, in the US, there's very, very little volume on these.

**FRANÇOIS:** It's a very good question. And yeah, it's absolutely true to this day. Actually, that's why we were glad we had some ICO projects. Because actually, these tokenization projects for securities, which are called STOs or security token offerings, all the actors around the globe started talking about them back in 2018 (that's when we started developing our platform). And then actually, everybody thought there was going to be a big boom somewhere down the road. In 2019, nothing happened. In 2020, nothing. In 2021, almost nothing. It's pretty much now that things are happening. That's why I'm very happy with what's happening with the real estate business I mentioned earlier. Real estate business is the biggest business, so that means if this one moves forward, the others will follow. It's what I think has been missing on the market, and where there have been several problems.

But first things first, we need to understand that these platforms handle a number of things. They provide a number of modules. When you develop a tokenization platform that handles the entire process and life cycle of assets, from the design down to secondary trading, there are so many modules, and since we're talking about securities and money, these modules cannot be developed fast. They need a lot of work, a lot of security, etc. This takes a lot of time. That's why it has taken a long time to really mature.

Second, I think there has been a problem in the ecosystem where people have kept talking about blockchain and tokens. Whereas, when you talk about securitization, you don't care about blockchain or tokens. Blockchain is just the technical way to do the securitization. Actually, it's all about digitization. And the only way it was possible to digitize securities was with blockchain. That's all.



It's about digitization and automation. I think that it's not like ICOs where when you talk about crypto, you talk to crypto people, and crypto people know about blockchain. That's what they want to hear about. In the more traditional finance world, what people care about is, what's the yield? Where's the risk? And that's it. They don't care about the technique.

I'm pretty confident that things are really happening now. Because what was truly missing is, like I said, that it needs to mature. People need to understand that this is not about Bitcoin. I'm really confident that 2023 is going to be the year where some big traditional investors hop in. And once they get in, the others will follow, including on the secondary markets, because that's what it's all about. So, going back to what you said, the need for liquidity up to today was extremely low. Now, what we need to focus on is the development of secondary markets.

The secondary market doesn't mean exchanges. It doesn't mean super high liquidity. First of all, it means providing the investor the mere possibility to find a selling solution if they need one. If I'm a retail investor, it's not my profession, I just invest once in a while, then if someday, two years after my investment, I need to retrieve my money because I need to do another investment or I have some personal needs for it, it needs to be easily possible.

In the current system, it's complicated unless you are listed on a traditional exchange, which is only for a few assets. But then, for unlisted assets, it's extremely complicated. Take real estate, for example. When you have invested in a real estate company, typically it's very complicated to resell your position. Tokenization now becomes a game changer.

Tokenization is offering a solution for OTC secondary trading, simply being able to publish that "I want to sell this at this price" and if somebody else is interested, it's possible to make the trade, it's already a huge plus. We're not talking about super high liquidity. We're talking about enabling these transactions.

To finish with that, later on, I don't know if using matching engines through exchanges will happen in 2023. Maybe a bit later. But later on, there will be at some point the need for more liquidity.



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Dennis Chookaszian

Corporate Director, CME Group

DiffuseTap: Institutional Grade  
Governance

Sharing his decades-long expertise on corporate governance, Dennis talked about how to avoid a co-partnership going sour, the problem with overly idealistic CEOs, and the importance of keeping your board in check. [Read on](#)



Susan Brazer

CEO & Founder, LionShare Media

DiffuseTap: Media Metaverse  
2022

Susan described the 2020 digital media landscape; the evolution of media distribution; how converging, emerging technology points to the metaverse; and the prospect of having an open, decentralized, and free Web 3.0 marketplace. [Read on](#)



Raj Mukherjee J.D.

VP/Global Head of Tax, Binance.US

DiffuseTap: Crypto Taxes  
Decoded with Binance.US

Raj explained the complexities of the US crypto tax landscape, how he built a dynamic tax information system for [Coinbase](#) and [Binance](#) from scratch, and how investors can profit from crypto without getting caught in a taxation mess. [Read on](#)

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