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# Digital Securities Give Birth to New Frontier

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## Summary

- Legal regulations for tokens issued in initial coin offerings (ICO) have been developed in Japan, and digital securities (security token, or ST) utilizing blockchain have been issued.
- Issuers include not only major financial institutions, but also real estate companies, with Fin Tech corporates acting as infrastructure players, as well as major IT vendors, and general trading companies that will launch asset management companies specializing in digital securities. These companies are exploring the potential of the new frontiers created by digital securities, while at the same time making strategic moves for the medium- to long-term future.
- The frontiers created by digital securities include new mechanisms and new products. The new mechanism is DX, a mechanism for the issuance and distribution of securities through an existing securities company and an exchange.
- In order to reduce the costs of issuing and distributing securities to fund procurers, Fin Tech corporates, including those in collaboration with major financial institutions, have established a mechanism that utilizes blockchain to replace the various functions played by securities companies in order to drive the DX forward.
- New products mean that new products for individuals will be created by enabling securitization of small lots instead of large lots for institutional investors.
- In this paper, we explore the possibilities based on the efforts of each industry.

### Attention

This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.44).