

Guernsey 3 August 2017: Dom Re IC Limited, a Guernsey-domiciled ILS reinsurance transformer and incorporated cell of Solidum Re (Guernsey) ICC limited has, with its most recent placement, issued what it believes to be the first notes ever to have been digitised on a private blockchain that it has named the “ILSBlockchain”. Using this mechanism the ILSBlockchain has replaced the role of a traditional settlement system such as Euroclear or DTC for this note issue.

Dom Re IC Limited issued \$14,800,000 Principal-at-Risk, Participating Notes, due 2023 with the ISIN GG00BYP34764, an asset-backed securitisation of a reinsurance contract, to a total of 6 investors. Solidum Re acts as the paying agent and common depository of the permanent global note. Solidum Re also acts as the blockchain permission grantor and blockchain sponsor.

The investors subscribed for the notes, paying into a guernsey trust where Artex Risk Services (Guernsey) Limited acts as trustee. On the issue date the paying agent created cryptographically-certificated notes on the ILSBlockchain and then the investors were able to execute, peer-to-peer with the paying agent, delivery-vs-payment transactions on the ILSBlockchain to purchase the newly created notes.

Investors now hold their notes, cryptographically confirmed, on the ILSBlockchain. Secondary market traders wishing to purchase notes can do so by becoming participants on the ILSBlockchain and can then execute direct peer-to-peer delivery-vs-payment transactions to buy and/or sell notes seamlessly on the ILSBlockchain. Equally broker-dealers can also become participants on the ILSBlockchain in order to intermediate trades between the other participants.

Cedric Edmonds, director of Solidum Re, whose idea it was to use a blockchain and who was key in the design and the implementation of the ILSBlockchain and surrounding structural mechanics, explained that Dom Re required an alternative to Euroclear as it was becoming increasingly difficult to access Euroclear efficiently for smaller private placement note issues. “It was a case of necessity being the mother of invention!” Mr. Edmonds went on to say, “Without the excellent support and highly flexible services of the service providers in Guernsey, most notably Artex who picked up the baton at a late stage from another service provider and then ran amazing swiftly with it, completing this would not have been possible – my thanks go out to them.”

Mark Helyar, non-executive director of Solidum Re and Of Counsel, Bedell Cristin added - “I am delighted that Solidum Re ICC has concluded this latest transaction. It is not an exaggeration to describe the new Dom Re IC structure as a ground breaking, global first, not only for the ILS sector but for dematerialisation of listed securities generally. Guernsey is once again the jurisdiction of choice for innovation in the ILS sector and I anticipate this model will be widely adopted”.

Paul Eaton, Business Development Director of Artex, said: “It has been a great experience to work alongside Cedric and Solidum for this innovative transaction which makes best use of Guernsey’s strengths and demonstrates the range of services that Artex is able to offer our clients”.

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