YPOG advises 21X on obtaining the first license for a DLT based trading and settlement system under the European DLT Pilot Regime

Hamburg, December 5, 2024 – YPOG successfully advised the Frankfurt-based fintech company 21X on obtaining the first license for a trading and settlement system issued under the EU's DLT Pilot Regime (DLTR). Over a period of two years, YPOG's advice covered the entire process from the preparation of the application to the final granting of the license.

The EU pilot regime came into force in March 2023 and provides a legal sandbox for market infrastructures based on distributed ledger technology (DLT). It allows temporary exemptions from certain regulatory requirements to develop innovative solutions for the trading and settlement of DLT financial instruments.

21X is the first company in Europe to receive a license for a DLT-TSS (Trading and Settlement System). This enables the fintech to offer issuers of specific financial instruments that are issued on a DLT basis both trading on a multilateral trading facility (DLT-MTF) and settlement (DLT-SS) from a single source. To date, there has been a strict separation between trading and settlement, which is carried out by central securities depositories (CSDs).

Blockchain technology, in this case in use through the Polygon blockchain network, offers fast and secure processing of securities transactions due to the immutability of the data registered on the blockchain. The technology accelerates capital market transactions significantly. The settlement time is reduced from T+2 to T+0, so that transactions are completed almost immediately. This has many advantages, particularly for the collateral business.

Team

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About 21X

21X is a Frankfurt-based fintech at the forefront of revolutionizing capital markets through the use of blockchain technology. As the first fully regulated digital exchange licensed under the European Union's distributed ledger technology (DLT) regulatory framework, 21X is paving the way for the institutional adoption of tokenized securities.

21X is ideally positioned to enable smart contract-based issuance, trading and settlement of tokenized stocks, bonds and funds, offering unparalleled transparency, efficiency, and security.

In December 2024, 21X secured its license to operate its groundbreaking DLT trading and settlement system (DLT TSS) trading venue, a milestone that positions the company as a leader in the transition to digital finance. 21X exchange is set to launch in the spring of 2025, bringing the future of capital markets to life.

See the short explainer video on 21X and our blockchain-based exchange here.

About YPOG

YPOG is a law firm specialized in tax and business law, active in the core fields of Funds, Tax, Banking + Finance, and Transactions. The team at YPOG represents a broad client base, which ranges from emerging technology companies and family-run SMEs to large corporations, as well as private equity, and venture capital funds. YPOG is one of the leading advisors for venture capital, private equity, and fund structuring in

Germany. The firm and its partners have been recognized nationally and internationally by JUVE, Best Lawyers, Legal 500, Focus, Chambers and Partners as well as Leaders League. Today, YPOG has more than 150 experienced attorneys, tax advisors and tax specialists and a notary, in four offices, located in Berlin, Hamburg, Cologne, and Munich.

Further information: http://www.ypog.law and www.linkedin.com/company/ypog

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