

While executing the POC we realized, based on conversation with prospects, that a concept presentation and design artifacts were able to garner inquisitive interest. But it was not decisive enough to assess the adoption potential of the DLT solution in the immediate future.

For this reason, we went well beyond the original proof of concept scope of “design DLT solution” and built a working prototype of multi organization DLT network together with user experience for certain use cases. Following are some screen shots of the working prototype:



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a. Business case

The business case for a repository was established before we started the POC, and it was confirmed during the testing period. Discussions with potential users during the course of the POC and through various meetings where we showcased a prototype, and then a MVP (Minimum Viable Product), confirmed the following:

- There is a need for an efficient solution that reduces the number of interactions during the document exchange process. This is especially true for larger organizations.
- Some large institutions or corporates have DMS (Document Management Systems) that bring a number of efficiencies however these efficiencies are not exportable - their systems are internal and don't communicate with an open ecosystem.
- Furthermore, these solutions are not all dynamic and don't necessarily support a notification system, management of expiries or the ability to do without lengthy email exchanges.

Clients have also suggested that integration of solutions such as screening would increase the attractiveness of the repository solution. It would allow users to process a more significant number of tasks within the same platform.

b. Commercial progress

The repository is live in its traditional form at time of this report, even if developments are underway to bring further enhancements to users. At this point, U-Reg has clients using the repository, as well as institutions who have been onboarded on a trial basis. This was achieved within a relatively short time span and mostly despite Covid-19 constraints, which in our opinion illustrates the needs from end-clients as well as the practicability of a repository solution.

Acquiring a wider network of users is a necessary next step to increase the value of the network. We are in that respect in discussions with large institutions that have expressed interest in the repository but also in other products that U-Reg is developing, mostly the ability to structure data for ongoing management of the regulatory identity of a corporate or of a FI, and resultingly data entry in regulatory forms or questionnaires.

c. Blockchain

Unfortunately, and as discussed below in the "Business and Technical Challenges" section, we do not foresee a widespread development of the Distributed Ledger in the immediate future. This solution

remains attractive in the medium to long term, in principle, for repository solutions and for processes that encompass regular reporting where (i) source of data needs to be firmly established and (ii) there is a need to share such information, on a regular basis, to a network of stakeholders. U-Reg has developed a know-how during this POC that we believe will prove valuable in the future.

This being said, we would like to highlight a possible application of the DLT and a specific opportunity with regards to ESG reporting. U-Reg is currently in discussion with a financial institution that structures and distributes renewable energy assets, managed in a dedicated fund. In this instance, the data used for reporting needs to be certified at origin, and the ability to guarantee the integrity of reporting is an essential feature of the process. A distributed ledger that allows to share assets reporting securely and with integrity on a daily basis, and even possibly in real time with new block created as and when needed, is a solution that appeals to this institution.

a. Testing and Covid-19

The POC started in March 2019 and continued during the Covid-19 global pandemic. This has presented us with several challenges. Financial institutions we had engaged with, and who had been responsive for testing purposes, have faced significant operational constraints. It has been difficult for them to test the system as intensively as they probably would have done in normal conditions. Some that previously expressed interests in U-Reg's prototype had to delay their involvement, in a couple of cases withdrew.

At the same time, we would like to highlight that most have tried as much as possible to dedicate resources for this project. We would like to thank them here for their continuous support, with a special mention for our sponsors who have made sure they remained available through a number of VCs or virtual meetings during what was a challenging operational environment.

b. Network effect

The ability to build a network of users is key for the success of a repository. Feedback has been positive on the capabilities or functionalities of the solution, at the same time the lack of a network effect during the early stages of development can be a deterrent for potential early adopters. We have identified several solutions to remedy to that specific challenge.

c. Adoption of start-up solution

FinTechs, as innovative as they are, are by definition less established than traditional players. Their agility and ability to deliver innovation does not always compensate for the inclination of some clients to favor traditional service providers, seen rightly or wrongly as "safer". There is a need to overcome perceived risks in early adoption, here too we have identified several action items to try to address this point.

d. Market readiness for DLT based Solution

Finally, we would like to highlight some observations on the immediate adoption of a DLT based solution. We noted the following key challenges faced by decision makers within our target customer base:

- Lack of clarity on the terminology and perceived immaturity of the technology
- Insufficient evidence that added technology and operational costs to maintain DLT node(s) will lead to either business gains or increased regulatory compliance
- Perceived risks in early adoption and likely disruption to existing practices
- High costs associated with required FTE with DLT skills set
- Perceived complexity in integrating a DLT solution with legacy systems

We would like to thank the Monetary Authority of Singapore (MAS) for their support. Their commitment towards Singapore-based FinTech companies, their involvement in the FinTech ecosystem and their willingness to empower a POC run by a start-up allowed us to push the boundaries of our innovation capabilities. We would not have been able to go as far as we went without the FSTI POC scheme. We extend special thanks to Lizhi Chen, who has always been available when we would have questions or need information, and whose guidance and advices have proved invaluable.

We would like to also extend our appreciation to Convex Strategies Pte. Ltd. and to M-DAQ CashPort Pte. Ltd, who first accepted to sponsor our application to the FSTI POC and then dedicated time and resources to share their thoughts and advices on the needs and expectations of the industry. They made themselves available as we went through different stages of development despite both firms facing operational challenges related to the Covid-19 pandemic. Here too we wouldn't have made it without the active support and involvement of David Dredge, CEO at Convex Strategies, and Ben Chia, General Counsel and Head of Legal and Compliance at M-DAQ Cashport.

Finally, we take this opportunity to thank the numerous people across various client segments, technology companies or again in the broader financial industry, who provided us with insight on their processes, on their problems and on potential solutions. They have in many occasions given us advices that have proven essential in ensuring that, through the POC, we develop a product that has a real business fit and concrete commercial applications.