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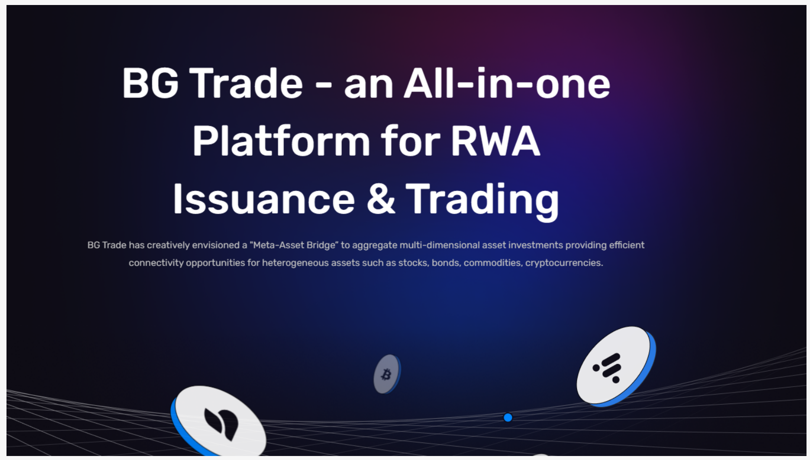
Decoding RWA: The Most Valuable Wealth Code in Compliance Context

As the Web3 native application market era approaches, there is an inevitable need to mobilize more Real-World Assets/Capital (RWA) into the crypto market.



DUBAI, DUBAI, UAE, August 7, 2023 /EINPresswire.com/ -- Summary: As the Web3 native application market era approaches, there is an inevitable need to mobilize more Real-World Assets/Capital (RWA) into the crypto market.

"Today, I am delighted to announce the establishment of a new company, Superstate, whose mission is to create regulated financial products that bridge the traditional market and the blockchain ecosystem." On June 29th, Compound's founder, Robert Leshner, announced the birth of his new company, Superstate, on Twitter.
He set his sights on the current hot topic, the tokenization of Real-World Assets (RWA).
This aligns with our judgment: we believe that as we approach the era of the Web3 native application market, there is an inevitable need to bring more Real-World Assets/Capital (RWA) into the crypto market to provide capital support. Especially in the compliance context, we consider RWA to be the most valuable wealth code in this cycle.
However, in terms of specific data, during the second quarter of 2023, the LSD L2 narrative emerged as the winner, led by new projects such as Pendle, Lybra, and Tenet. Meme 2.0 experienced a typical rise and fall, while RAW has yet to release its potential. Therefore, our analysis is based on the prediction of crypto narratives and objective environments.

Context: RWA in the context of application ecosystem and compliance
In the article "From 'Three Transformations of Ethereum': V God's Offense and Defense," we analyzed that in some difficult life-or-death moments, V God painted a grand vision, claiming to implement 1,024 shards to increase performance by 1,000 times. In those critical moments, V God talked about dreams, envisioning DeSoc and searching for the soul of Web3... But now, V God can talk about life and death with confidence. This is V God's most assured moment. V God

has the confidence to drive crucial and specific transformation plans and build his Ethereum into a decentralized non-monetary application ecosystem.

This will be the most powerful fundamental support in this cycle, indicating that Ethereum is entering the era of application ecosystem, which will inevitably require mobilizing more real-world assets/capital (RWA) to integrate into the crypto market and provide capital. Ethereum's entry into the application ecosystem will give us confidence in the crypto narrative, but we believe the biggest support at the market level is RWA.
In early June, MakerDAO conducted a nominal survey vote to establish a real-world asset (RWA) Vault called BlockTower Andromeda, managed by BlockTower Capital, with up to $1.28 billion allocated to short-term US treasuries. US treasury yields are generally regarded as risk-free rates by the capital market. At that time, the context was that as US short-term rates continued to rise, DeFi rates decreased, and there was an increasing demand for on-chain stablecoins to earn returns through off-chain markets.

Therefore, compared to BlockTower Andromeda of MakerDAO and Superstate founded by Compound's founder, we are more interested in the 200 million digital notes issued by China CITIC Bank International through UBS for the Hong Kong market in mid-June as an RWA. We believe this is a successful implementation of RWA – UBS Group stated that this transaction marks the first of its kind in the Asia-Pacific region, complying with Hong Kong and Swiss laws and tokenizing such products on the Ethereum blockchain. However, some have raised concerns and suggestions—UBS's original mention of "main Ethereum blockchain" actually refers to a centralized consortium chain deployed using Ethereum as open-source code. Under uncontrollable risks such as policy compliance, regulation, and transaction efficiency, it remains a long way for traditional institutions to deploy their businesses on public chains.

In the article "Decoding RWA: Can 'Dubai WEB3 New Trends' be a Reference for 'Hong Kong Crypto Narratives'?", we introduced BG Trade as a case study with more native crypto genes and actual deployment of businesses on public chains. But how does it operate, and how are its mechanisms set up? Can the functions and services covered by the BG Trade ecosystem be used as a reference for the Hong Kong crypto narrative in practice? BG Trade aims to become a Web3.0 native asset while providing tokenized assets of future listed companies as airdrop opportunities for holders. Acting as a bridge between traditional stock markets and the cryptocurrency world, BG Trade plans to build an ecosystem that anchors tokens and traditional stocks at a 1:1 ratio, bridging the gap between the crypto market and the stock market.

1. Issuance Platform: BG Trade provides an easy way for RWA projects to issue tokens and conduct Initial Decentralized Offerings (IDO). By providing this platform, BG Trade facilitates the fundraising of RWA projects and attracts potential investors' attention.

2. Over-the-Counter (OTC) Trading: BG Trade enables OTC trading with privacy protection, minimizing market impact, and providing a solution for participants with large trading volumes.

3. Asset Interchange: The BG Trade platform integrates assets from Web2 to Web3, ensuring that users can convert between different asset categories and facilitating cross-asset trading experiences for users.

4. ve-Governance: BG Trade empowers users to participate in decentralized governance and decision-making processes, striving to ensure a fair and transparent ecosystem by involving the community in important decisions.

5. Staking Mining: Participants can stake their BGT tokens on the BG Trade platform, contributing to the stability and growth of the platform as liquidity providers and earning rewards.

6. zkDID: BG Trade utilizes zkDID technology, allowing users to manage self-sovereign identities without revealing personal information to third parties. This feature ensures privacy and data security while enabling genuine data mining.

During the process of writing this article, we hesitated because the RWA (Real-World Assets) track existed in the previous cycle but did not flourish. We questioned why we believed it could become the most valuable wealth code in this cycle. Therefore, we constantly follow industry trends. We came across BG Trade as a case study through the "Dubai WEB3 New Trends" forum held in Dubai. Additionally, the inclusion of the Compound founder in the RWA track increased our confidence in this judgment.

As mentioned earlier, we believe that the application ecosystem of Ethereum and other public chains will be the strongest fundamental support in this cycle. However, it primarily gives us confidence. The most significant support at the market level, in our opinion, is RWA. RWA includes "any real-world asset with explicit monetary value," including tangible assets such as gold and real estate, or intangible assets such as government bonds or carbon credits. However, the digitization and tokenization of trillions of dollars' worth of off-chain assets pose uncertainties and cost pressures, making comprehensive implementation in the short term impossible. Nevertheless, the Hong Kong government's initiative to bring trillions of dollars' worth of off-chain assets onto the blockchain can become the foundation for the Hong Kong crypto narrative in the next decade. Traditional institutions such as Citibank and BCG (Boston Consulting Group) estimate that the RWA market, reaching trillions or even tens of trillions of dollars by 2030, is already in motion. This primarily applies to digitally transformed and structured assets, including the main business chain of BlockTower Andromeda, Superstate's national debt market, and BG Trade's tokenized stock market.

As we enter the era of applied ecosystems in the crypto world, RWA is becoming a bridge between traditional finance (TradFi) and decentralized finance (DeFi). We hope to achieve gains in both ecosystem development and market investments in the new cycle.

Sandy Li
BG Trade

+ +447536356571
email us here
Visit us on social media:
Twitter
LinkedIn
Other
