



Advantages of a blockchain built for securities



Asset Servicing

Challenge with general purpose blockchains

In 2020, [87% of global asset managers](#), wealth managers, custodians, clearing houses and investment banks were still processing at least some of their corporate actions manually. This approach is labor intensive, error prone, and creates additional risk. Blockchain can bring significant automation to corporate actions, but [according to the ISSA](#), adoption hinges on “strong governance and auditing principles to provide issuers, investors and regulators with assurance that they behave and deliver entitlements as issuers intend.”

How Polymesh overcomes it

Because Polymesh is purpose-built for security tokens, governance and auditability are core aspects of the chain’s architecture. It is therefore able to automate the corporate actions lifecycle in order to help increase efficiency and decrease errors and overhead. The issuer inputs a few details to create a corporate action—from there, the engine will determine entitlements, schedule the

communications (coming soon), distribute capital (if required), and update records. With all stakeholders working from the same instructions and looking at the same record, the process can move from one stage to the next without manual intervention, ‘broken telephone’ errors are significantly reduced, and issuers and investors get faster access to decision-critical position updates.

There are three main classes of corporate actions that can be automated:

Benefits

Events (predictable and non-predictable) that result in an increase to the position holder’s securities or cash position, without altering the underlying security.

Re-organizations

Events that reshape or restructure the position holder’s underlying securities position, possibly also combining a cash element.

Issuer Notices

Events used for the dissemination of information from the issuer to position holders, but that result in no change to either the securities or cash position. This includes voting events.