



# Advantages of a blockchain built for securities



## Identity Verification

### Challenge with general purpose blockchains

Anonymity is a key principle of many blockchains, but this ethos makes it very difficult to meet compliance requirements around identity verification and to fulfill Know-Your-Customer (KYC) obligations. Today, most financial service providers comply with identification requirements by examining government-issued ID or other documents, which can be a slow and often manual process.

### How Polymesh overcomes it

Polymesh creates a single identity on the chain for each real-world individual or organization and then attaches attestations to it as needed with two layers of identity check. The first layer controls access to the blockchain and the second, managed by the issuer or their agent, controls access to the specific asset.

This modular two-stage approach to identity verification allows for efficient onboarding as well as specific checks. It also ensures that any accounts a user creates, or assets they hold or transfer, will be securely and confidentially connected to their identity.

Building identity into the core of the chain brings a few key advantages.

#### Sybil resistance

Each individual or entity can only have a single identity, which prevents an attacker from creating many pseudonymous digital identities to gain undue influence over the chain.

#### Simplified compliance

Unlike on public blockchains, tokenholders can't subvert rules by holding assets under multiple digital identities.

#### Known participants

Trades need to be determined by known, trusted, regulated entities. As a permissioned chain, transactions are validated by verified capital market participants that meet specific criteria.

#### Confidentiality

With confidential assets enabled by [MERCAT](#), Polymesh makes it possible to maintain trade and position confidentiality without sacrificing compliance automation or auditing.

