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First Municipal Bond ICO Is in the Works.

Investors can't seem to agree on the value of cryptocurrency, but when it comes to blockchain, there's a strong consensus: the public ledger has the potential to transform the investment world. As it turns out, blockchain technology might offer an innovative method for cost savings and transparency in the municipal bond market.

Berkley, California and underwriting firm Neighborly will make history this spring when they launch the first initial coin offering (ICO) backed by municipal bonds. The city plans to hold the ICO in May, giving investors an opportunity to purchase municipal bonds in tokenized form. ICO is a controversial but extremely popular crowdfunding model that startups have used to generate billions of dollars in financing over the past 14 months.

However, unlike typical ICOs that generate cryptocurrencies, Berkley plans to implement a "tokenized system for creating, distributing, storing and relaying bonds denominated in USD," according to Neighborly chief executive, Jase Wilson. The company has already set up the technology to issue the tokens and has a proven track record in delivering to non-traditional markets. In 2017, Neighborly took home the Bond Buyer Deal of the Year award in the non-traditional assets category for the mini-bond sale it executed for Cambridge, Massachusetts.

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by Sam Bourgi

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