



# XDC

## RESEARCH PAPER

*Uphold Research aims to help institutional investors focus on decentralized projects and technology tied to real-world utility.*

*We provide insights and education on DLT applications designed to enhance the business operations of traditional enterprises and Governments.*

- Uphold Intelligence Unit

- Christopher Siedentopf

Global Head of Digital Asset Institutional Sales

- Adam Blumenfeld

U.S. Digital Asset Lead Institutional Sales

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→ Blockchain integrated into Uphold

→ XDC token supported

→ Assisted self-custody Uphold Vault due Q1 2024

**Not Investment advice.** You should conduct your own research before investing. Investment in digital assets can be complex making it hard to understand the risks associated with the investment. The performance of digital assets can be highly volatile. Do not invest unless you are prepared to lose all the money you invest. You should not expect to be protected should something go wrong with the investment and Government insurance schemes such as FSCS in the UK explicitly do not apply to digital assets. There is no guarantee that investments in cryptoassets can be easily sold at any given time. The ability to sell a cryptoasset depends on various factors, including the supply and demand in the market at that time.

# XDC: Positioned to revolutionize the inefficient, multi-trillion-dollar trade finance industry.

The House of Commons Library recently issued a Research Briefing on the Electronic Trade Documents Bill [HL] 2022-23 that summarizes the debates on the Bill so far. It is available at: <https://researchbriefings.files.parliament.uk/documents/CBP-9641/CBP-9641.pdf>.

## KEY TAKEAWAYS FROM THE BRIEFING:

- The Law Commission's recommendations cover England and Wales only, however the Government has extended the Bill to cover the entirety of the United Kingdom.
- Paperless trade needs Blockchain and reputable intermediaries (like Uphold) to succeed.
- The first bill of lading involving XDC was issued in Singapore a year ago - making the XinFin Network (XDC) a primary chain of choice.

## Current Problems in Trade Finance

There are three main issues: inefficiency, verification, and access.

**Inefficiency:** International Trade as we know it is extremely inefficient and unsuitable for the current environment, where transactions are increasingly taking place digitally. It is estimated that over 25 billion paper documents are used globally each year to facilitate international container shipping. A singular trade finance transaction often involves more than a dozen entities and accounts for 10-20 documents, amounting to over 100 pages of paper.

**Verification:** Approximately \$300 million a year is lost to fraud, incomplete documentation, and spoiled goods due to failures in the trade chain. Blockchain creates immutable, verifiable proof of origin, transit, and delivery, along with proper financial documentation from the source to the recipient.

**Access:** While big firms have no problem financing their trading operations, small and medium enterprises do not have easy access to capital. We call this the "*trade financing gap*," which currently stands at an estimated \$1.7 trillion. Crypto-assets, and their underlying technologies, can be used to finance trade efficiently without the need for numerous intermediaries.

## Where does blockchain come in?

Blockchain and crypto-assets can play a role in solving all of these problems mentioned above. Supply chain management and trade were the first use cases of blockchain – even before Bitcoin was born. It took over ten years for institutions and regulators to pay attention; however, most merchant banks, shipping companies, and trade houses have heard of or already adopted blockchain solutions. Many of these companies looking to digitize their business are in-house and custom-built. But trade financing especially benefits from using a public network like XDC.

Over the years, XDC has gained recognition as one of the leading blockchain solutions in trade finance. As a trustless blockchain, it develops scalable, efficient, affordable, accessible settlement rails for a variety of tokenized assets.

## Introduction to the XinFin Network (XDC)

The XDC Network provides a more efficient global trade platform to the players in the field today but also allows smaller businesses that currently do not have access to banking to create and bring in extra liquidity we don't see in today's current operating, yet inefficient system.

XDC's Delegated-Proof-of-Stake network handles 2,000+ transactions per second, with an average fee of \$0.000001 USD, while consuming 0.0000074 TWh of energy per transaction. XDC's hybrid blockchain framework allows businesses to reap the benefits of blockchain while maintaining the privacy of sensitive on-chain data. XDC is equipped with complete ISO 20022 financial messaging standards, ensuring full interoperability with SWIFT and business-focused ERP systems. As many developments are underway to create a more efficient trade finance ecosystem, XDC's enterprise ready hybrid blockchain is looking to be one of the most recognized blockchain technological infrastructures in the multi-trillion-dollar economy.

Enabling the opportunity to group invoices from SMEs, putting them together into an NFT, and fractionalizing the ability to finance and own these particular assets, is opening up the ability for small businesses to present what they're doing into an ecosystem that is far more frictionless than what it is today.

Uphold's Head of Research, Dr. Martin Hiesboeck, has hosted multiple webinars with members from the XinFin Network, the XDC Foundation, and another disruptor in the trade finance industry, TradeTeq. Our last public event with their team occurred with Billy Sebell, Executive Director at XDC Foundation, in October 2022.

Find the recording on Uphold Inc's YouTube - [https://www.youtube.com/watch?v=wJn1\\_e1-V7k](https://www.youtube.com/watch?v=wJn1_e1-V7k).

When asked, “*What is on the horizon for XDC,*” Billy pointed to their progression with Tradetiq and what they’re currently doing with tokenizing real-world assets. Billy went on to say that we are in a time period where we are moving from putting these platforms and technology together to higher production levels and transactions.

We also had a meeting with Andre Frosinini, Business Development Manager at XDC Foundation, earlier this week, where he went into depth on some of the updates occurring within the ecosystem.

He told us, “*The XDC Foundation, at this moment, is working on bringing up projects in sustainable trade and trade finance, all of which are being nurtured in the (XinFin) ecosystem.*” He then told us several exciting projects and developments (in sustainable trade) have made “*lots of progress in the past year.*” He ended the call by saying that we could expect more news in Q4 of this year.

## **XDC & SBI Group Collaboration**

Many investors seemed to brush over the SBI & XDC Network collaboration announcement amid the SEC’s busy week. The SBI Group, a Japanese financial service powerhouse, has recently increased its presence in the crypto-asset markets. SBI received a license to operate in Singapore less than a year ago. Last week, one of SBI’s subsidiaries, SBI VC Trade, announced that XDC would be added to SBI’s exchange, expanding XDC Network’s footprint in Japan.

In a press release, SBI VC Trade’s CEO, Fumiki Ozaki, emphasized what he says is XDC Network’s unique value proposition to the trade finance markets and said he “*believes its addition will enhance our customers’ trading experience.*” As Andrea Frosinini could not go into detail due to the confidential partnership details, he assured me that the partnership between the XDC Network and SBI was more than an exchange listing and that we could expect to hear more about their developments in the future.

## **TradeFinex going LIVE Soon – Live Pilot Transactions in Progress**

A long-awaited development will soon come to life in the next few weeks. Back in April of 2019, Trace Financial, a leading financial messaging and integration provider for major global financial institutions and an integration partner for SWIFT MT-MX, announced that they would partner with the XDC Network through its Abu Dhabi Global Markets (ADGM) Sandbox Entity. TradeFinex platform enables peer-to-peer transactions between financiers, suppliers, and beneficiaries.

A conceptualized marketplace platform, TradeFinex connects global participants of trade finance and allows them to access global contracting, financing, payments, and settlements. As a part of the partnership, TradeFinex Tech Ltd. offered Trace Financials' flagship product, Transformer, through XinFin's Network Masternodes. In the Proof-of-Concept stage, XinFin was used to extend Transformer to the financial institutions involved, *"helping financial institutions convert their traditional messaging formats for financial instruments into a blockchain recorded identity that enables counterparty risk mitigation through secondary market channels."*

THE ARTICLE THAT GOES INTO DEPTH ON THIS POC CAN BE FOUND ON THE XINFIN (XDC) HYBRID BLOCKCHAIN NETWORK MEDIUM CHANNEL. [\(HERE\)](#)

On May 24th, 2023, Atul Khekade, Co-Founder & Ecosystem Developer at XDC Network, posted that they are *"looking for connected regulated Trade Finance originators with members and institutions from the community who want to participate in TradeFinex.org Pilot Transactions in a couple of weeks."*

## XDC's role in the ITFA DNI Initiative

Digitization of trade finance is inevitable, as it is already reducing paper-based processes, minimizing costs, and increasing overall operational efficiencies. XDC's involvement as a technology provider in the International Trade & Forfeiting Association (ITFA) Digital Negotiable Instruments (DNI) Initiative and Trade Finance Distribution (TFD) Initiative could potentially help in the process.

“ The aim of the ITFA DNI Initiative is to fully digitize bills of exchange (B/E) and promissory notes (PN). In order to achieve this, we identified the need to combine advanced document technology with electronic signatures and distributed ledger technology (DLT) whilst developing the appropriate contractual schemes, and where needed, lobby to change the law. ”

ANDRÉ CASTERMAN, CHAIR, ITFA FINTECH COMMITTEE

The XDC Network was the first blockchain company to join the global TFD initiative; members include major international financial institutions such as ABN AMRO, Santander Asset Management, ING Bank, SMBC, Commonwealth Bank of Australia, Texel Group, and more.

In an interview with Trade Finance Global (TFG), Casterman confirmed that both the TFD initiative and DNI initiative have a production use of DLT, permitting the tracking of the lifecycle of a negotiable instrument (e.g., Lloyds Bank using Enigio for digital promissory note) or for bringing retail liquidity into the trade investment class (e.g., XDCTEQ by Tradeteq using XinFin's XDC Network).

The Uphold research department is in close contact with various ITFA, Tradeteq, and XDC Network employees / members. If any client is interested in speaking with someone from the various organizations, please reach out and we'd be glad to set up a meeting.

## XDC Token Breakdown

The XDC token is the underlying utility token that powers XinFin's Hybrid Blockchain. The XDC token acts as a settlement mechanism for dApps built on the XinFin Hybrid Blockchain. There is an extensive list of third party dApps, tools, and services that have also integrated with the XDC Network - the list can be found [\(HERE\)](#)

XDC is one of Uphold's most actively traded crypto-assets. Since listing, users have facilitated over 490,000 XDC-related transactions, and we currently have over \$30,000,000 USD value in XDC assets. XDC is available on Uphold Ascent – reach out to your sales representative if you would like to learn more about the platform or would like to begin the onboarding process.

TOKEN TICKER

**XDC**

MARKET CAP

**\$712.68M**

FULLY DILUTED MARKET CAP

**\$1.936B**

CIRCULATING SUPPLY

**13.874B of 37.705B**

(36.7%) are in circulation today

### XDC PRICE PERFORMANCE

Today	7D	30D	YTD	ATH
<b>\$0.05133</b>	<b>+4.56%</b>	<b>+1.98%</b>	<b>+102.36%</b>	<b>-74.1%</b> (8/21/2021)

### XDC VOLUMES

24H	7D	30D	24H at ATH Price
<b>\$13.77M</b> USD	<b>\$64.37M</b> USD	<b>\$378.74M</b> USD	<b>\$21.34M</b> USD 24H VOLUME

DATA AS OF NOVEMBER 3, 11:00AM ET

## Conclusion

Trade finance is one of the many industries that need an infrastructure update. It is difficult to argue against the benefits that distributed ledger technology can create in trade finance, and we see this tech playing a significant role in transforming the multi-trillion-dollar trade finance economy. With several problems arising, some being borders, differentiated regulatory policies, and inefficiencies in settlement, we are seeing the “trade finance gap” grow at an alarming rate, with many SMEs being forced out of the trade economy.



XDC Network's hybrid blockchain technology stands to benefit from this trend. We believe XDC's infrastructure is well-positioned among public blockchains to suit the needs of the highly inefficient trade finance industry, as it can serve numerous trade specific applications.

Uphold's Head of Research, Dr. Martin Hiesboeck, will speak at XDC's Inaugural onXDC Conference and Developer Summit in Austin, Texas on August 26th, 2023.

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