



FROM HOODIES

INNOVATING **DIGITAL ASSETS**
FOR **TRADITIONAL FINANCE**

TO SUITS



ANNELISE OSBORNE

WILEY

Praise for *From Hoodies to Suits*

From Hoodies to Suits provides a front row seat to understanding the significant changes about to happen in financial services infrastructure and the applications that will reshape how value is transferred, settled, and stored. Tokenization of financial assets will increase efficiencies and reduce costs across an asset's life cycle, improve the efficient allocation of capital, optimize global supply chains, catalyze a new generation of software-as-a-service companies, and ultimately drive mainstream adoption. Benefits will be widespread, but ultimately result in more transparency and lower costs for borrowers and investors.

—Anthony Moro, CEO Provenance Blockchain Foundation

From Hoodies to Suits takes a novel approach detailing the benefits and innovation of blockchain technology applied to the world of finance and investment.

—Mike Cagney, Co-Founder and CEO of Figure Technologies; Co-Founder and former CEO of SOFI.

In this groundbreaking book, Annelise Osborne takes us on a journey from the tech-savvy world of “Hoodies” to the boardrooms of “Suits,” illuminating the remarkable transformation of the digital asset industry. As blockchain technology emerged as a disruptor, challenging traditional finance, Osborne provides a comprehensive guide to the intersection of innovation and established financial markets.

—Perianne Boring, Founder and CEO, Chamber of Digital Commerce

Now more than ever, books like *From Hoodies to Suits* are needed to educate readers on the promise of blockchain and crypto. It's an insightful, digestible, entertaining read.

—Katherine Kirkpatrick, Chief Legal Officer, CBOE Digital

From Hoodies to Suits is an indispensable guide to blockchain technology and the finance industry. Annelise Osborne offers practical insights beyond Bitcoin to the burgeoning world of tokenization and institutional DeFi. With a critical examination of high-profile failures in the crypto space, she delineates key lessons for traditional finance, discusses the regulatory landscape, and underscores the generational shifts set to transform the industry. It's an essential read for anyone seeking to understand the future of finance and the disruptive influence of digital assets and blockchain innovation.

—Richard Walker, Senior Partner, Bain & Company

A must-read for all financial market participants, ranging from the crypto skeptics to those who understand something is happening in markets related to blockchain and crypto, but don't know quite where to start. Annelise Osborne removes the jargon and provides a common sense and understandable framework of the transformation already underway in complex markets through complex technologies. With tangible examples and a clever sense of humor, she ties the past, present, and future of market functioning driven by blockchain technology.

—Charles Mount, Chief DeFi Officer, S&P Global

Annelise Osborne succeeds brilliantly at the difficult task of explaining the complex origins and use cases of crypto finance while creating a captivating, fun to read book. This book breathes life into personalities and palpable excitement of the formation of a new industry. Bravo.

—Edward A. Glickman, Executive Chairman USA, AIP Asset Management

From Hoodies to Suits skillfully bridges the gap between traditional finance and the power of blockchain technology. Annelise Osborne presents a compelling narrative, demystifying digital assets and their transformative role in the future of financial markets. An essential read for anyone in finance.

—Jennifer Warren, Former Head of Markets Digital Strategy, Barclays

The author brilliantly traces the evolution of blockchain from its origins to its pivotal role in reshaping traditional finance. What sets this book apart is its ability to connect the dots seamlessly, skillfully illuminating the digital tipping points that traditional finance is approaching,

providing readers with a roadmap to navigate the changing landscape. Whether you're a finance professional or technical architect, this must-read provides a clear understanding of how digital assets are transforming the traditional financial landscape, inspiring a vision for the future where innovation drives true value creation.

—Lora Lindsey, Principal, Value Innovation and GTM Strategy, Amazon Web Services (AWS), and former Goldman Sachs investment banker (both a hoodie and a suit)

An entertaining guide through the inevitable tech upgrade advancing the world of finance.

—Gregg Bell, Head of Growth, Binance.us

From Hoodies to Suits is an important, fascinating and fun read for everyone involved with the financial markets. It is a digestible dive into how this innovative technology provides opportunities to develop new asset classes and market infrastructure. Annelise Osborne does a wonderful job of providing unique insight and helpful guidance for those interested in how blockchain tech can evolve finance and institutional investing.

—Kari Larsen, Partner and Co-Head of the Digital Works Group at Willkie Farr & Gallagher LLP

Annelise brings her years of first-hand experience to this effort and the end result is a must-read for both those not familiar with blockchain as well as those with experience and looking to dive deeper into understanding the benefits of fintech.

—Rayne Steinberg, CEO, Co-Founder Arca; former Co-Founder, WisdomTree Asset Management

Annelise Osborne is able to explain a complex topic making it understandable to all, with entertaining stories weaved in. I highly recommend this book for anyone working in traditional finance to grasp the potential of the technological upgrade taking place.

—Marcus Grubb, ex SVP State Street Digital, Banker, Fintech and Gold Entrepreneur

A must-read for every head of trading or investment in a language they will understand and written by someone they can relate to. Look for other copies on the morning train.

—James Godfrey, Managing Partner, Secure Digital Markets

From Hoodies to Suits demonstrates the exact transition the digital assets industry is seeing in near real-time. The compelling storytelling coupled with key and lesser-known events that have gotten the market to where it is today makes this a staple for financial professionals as tokenization compounds and positions itself as the next major technological overhaul to the capital markets. Annelise does a splendid job covering all angles through her unique lens as both a TradFi player and digital assets pioneer.

—Peter Gaffney, Head of Research Security Token Advisors.

On the eve of the US's financial announcement approving a spot ETF, we are on the precipice of a cultural shift that will significantly impact finance. This shift characterized by fringe technological wizards has now moved mainstream into traditional financial institutions with their risk profiles and business know-how. Annelise Osborne has captured this tectonic shift in her entertaining and impactful book *From Hoodies to Suits*. A must-read for the neophyte to the professional—you won't be disappointed. I couldn't put it down!

—Lynne Maylor, Co-Founder, Women in Digital Assets Forum (WIDAF); Ambassador, GBBC; Chair, Boston Blockchain Association

For finance and technology executives, this book is not just recommended; it is essential reading. Osborne accelerates the perspective of the landscape, empowering decision-makers to make intelligent and well-informed choices. *From Hoodies to Suits* transcends being a mere book; it becomes a strategic tool for those steering the helm of finance and technology, equipping them with the knowledge to navigate the dynamic shifts in the industry.

—Nitin Gaur, Global Head Digital Assets, State Street

FROM HOODIES TO SUITS

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**Innovating Digital Assets
for Traditional Finance**

ANNELISE OSBORNE

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*To my amazing sons: Rory, Jamie, and Nate
May you stay curious.*

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Introduction

When Facebook’s Mark Zuckerberg testified before Congress in 2018, he did something remarkable: He wore a suit. A navy blue suit with a matching solid blue tie and a crisp white shirt. It was a noteworthy shift for the hoodie-wearing CEO of the tech giant that would eventually rename itself Meta, as in “metaverse.” As one journalist put it at the time, “When men want to look like adults, they suit up.”

The *New York Times* called it his “I’m Sorry Suit,” a strategically effective symbolic gesture that he was going to accept responsibility and defer to the rules set by people who wear suits to work every day.¹

Disgraced FTX CEO Sam Bankman-Fried, too, wore a suit, at his 2023 federal trial for what’s been called “one of the largest financial frauds in history,” even though he’d once insisted that T-shirts were crucial to his “brand.”² His lawyers argued that he was just a young guy who got in over his head³ – while he allegedly misappropriated billions of dollars of his clients’ money through his trading firm and cryptocurrency exchange, both of which had attracted plenty of grown-ups to the investment table.

Even Ethereum founder, wunderkind Vitalik Buterin, has occasionally ditched his T-shirts depicting unicorns and even a “bufficorn” (buffalo plus unicorn) costume he wore to a conference to throw on a collared dress shirt and appear on stage. This from a (very) young man who reportedly launched what would become the second most popular cryptocurrency⁴ after a change in the video game World of Warcraft made him cry himself to sleep.⁵

Shifting from hoodies to suits is exactly where the digital assets industry is right now. While blockchain was originally created as an alternative to banking and traditional finance by tech start-ups filled with hoodie-wearing entrepreneurs, it can actually enhance the established financial industry by bringing additional efficiency, transparency,

and liquidity to capital markets. To make that shift, a different skill set is required – a skill set that the innovators of blockchain and cryptocurrencies don't have. The "Suits" of Wall Street and Main Street can build on what the "Hoodies" of tech start-ups created when they come to understand how to innovate using digital assets in traditional financial markets. That's when Hoodies and Suits can combine their talents and expertise to create the next generation of finance together.

What I Found in the Boardroom

Just before Zuckerberg was knotting his tie for Congress, I left my corporate life in traditional finance at Moody's. I was invited to join the board of a regulatory task force focused on cryptocurrencies and blockchain. Only, I knew nearly nothing about crypto, blockchain, or the initial coin offerings (ICOs), when blockchain based "coins" are sold to raise funds for a cryptocurrency project. It needed regulation. I told them, "You're talking to the wrong person. This isn't my expertise." But they were young, persistent, idealistic attorneys.

So, I watched YouTube videos about bitcoin and blockchain to understand what they were about and why the lawyers were so passionate. When I understood the basics of the technology, I recognized that the potential upgrades to traditional finance were mind-blowing. But back then, the tech-savvy Hoodies were attempting to upgrade finance without finance experience, leading to false starts and bad publicity.

When you're dealing with traditional finance, you're dealing with securities, structure, and regulation – and possible jail time for any violations. After all, finance is one of the oldest professions in the world, dating back to Mesopotamian bankers offering credit contracts. And if it's not broken, why fix it? But it can run more efficiently, and blockchain and digital assets are paving the way. It's going to take recognized structures and "responsible innovation" regulation to make them mainstream.

I had made the assumption that the industry was already deep into the process of applying the Hoodies' technologies to traditional finance, but I was wrong. Hoodies couldn't do it alone, because they lacked the experience and understanding of the intricacies of the industry, and Suits didn't understand the technology.

So, I found a partner and together we worked to create digital assets – discoverable digital representations of value that establish ownership – as

smart securities, eliminating frictions and developing a more automated process, while using his broker-dealer. Together with a great team, we focused on efficiencies and programmable securities and worked to create tokenized real-world assets before the term RWA was cool. We even created securities offering to pay interest in stablecoin, a cryptocurrency that provides a stable price by being pegged to a currency or commodity, which was a first. We structured non-fungible tokens (NFTs), unique tokenized assets on the blockchain that can't be replicated, for investments in land plots, before NFTs became known for art.

I understood that digital assets would become important because the next generation of investors, who grew up with supercomputers in their pockets, will demand a different way of handling their finances and identifying their investments. For them, the speed, efficiency, transparency, and potential interoperability of the systems built by Hoodies won't be a nice-to-have. They will be a must-have. But in my first venture, we were too early for real adoption. So much had yet to be built and integrated and still does.

I recognized that it would take people with finance experience to apply the technology in a practical and usable way, and I wanted to be a part of it. I had a clear vision of what could be built. I had been that kid who wondered why I had to take cash for babysitting when I wanted my clients to transfer the money right into my bank account. This was back when ATMs were finally becoming ubiquitous at bank branches nationwide, and my mother still used checks – and checks aren't real money. They're just *access*. Even as a teenager, I saw the value in a cashless economy.

Recently, at a farmer's market in rural Alaska, I noticed that the vendors all took credit cards on mobile readers attached to their iPhones. Imagine if that had been an option for my babysitting job. Technology is changing finance. We must change with it.

Today, the market is ripe for blockchain technology in traditional finance, on Wall Street, and in corporate America. There are a lot of frictions that digital assets and blockchain can solve. The market is ready for the Suits to work with the Hoodies to make it happen, but they need to first catch up on understanding the technology and its potential applications.

We also have to create the current regulatory and interoperability landscapes. Too many banks operate on old systems written in COBOL that cannot talk to one another. There's a reason for that: There are regulations that require financial institutions to keep records, and it takes a

long time to upgrade systems. So, they just kept building on old technologies, and by the time they upgrade it, it becomes irrelevant.

While the Suits tried to put Band-Aids on their antiquated systems, the Hoodies continued to build new advances in technology. They began launching ICOs in 2017, introducing more crypto coins similar to bitcoin. Their investors, located across the globe, were passionate about crypto, but they weren't accredited investors. It was what US Securities and Exchange Chairman Gary Gensler would later call "the Wild West," with unregulated exchanges, possible insider trading, and companies with obvious conflicts of interest.

In the early days, one of my attorney colleagues wrote a white paper on crypto regulation and it went viral – and nothing ever goes viral in finance. Usually, if people know your name in finance, you've done something wrong to end up in headlines of the *Wall Street Journal*. That's exactly what's happened in recent years to some of the founders of crypto. Left unchecked by the regulations that govern traditional finance, some of them went rogue and defrauded investors. Unfortunately, that's typically much of what the Suits know about digital assets. But blockchain is not bitcoin, and the technology is sound.

Today there are over one thousand blockchains worldwide, and a lot of digital assets may be unregistered securities. While it took a long time for bitcoin to take off – as of this writing, it's trading at \$47,000 – it laid the foundation for the changing face of finance today. Some very large players in traditional finance have launched their own blockchains and digital assets, and investors continue to demand changes that bring traditional finance closer to instant settlement, known as T+0.

Now Is the Time for Digital Assets and Web3

Now more than ever, finance professionals, traders, asset managers, investment bankers, and corporate treasurers must understand how to apply digital assets to today's financial markets. Only then will the traditional finance industry be able to innovate and adapt to the inevitable technological changes of the near future, when Web3, which is phase three of the internet marked by decentralization, provides a world of blockchain known as the "internet of value."

While the development of cryptocurrencies and decentralized finance paved the way for upgrades to traditional finance and institutional digital assets, the Hoodies have left behind integration challenges

for the Suits to address. Among them are regulatory issues. While the SEC sorts out which digital assets are securities and how this innovative technology should be regulated, Suits can prepare for traditional finance's imminent upgrade to blockchain and digital assets. These advances will bring liquidity, speed, improved operations, transparency, and much more. In fact, they already are.

The Suits who will benefit are the ones who understand the technology that the Hoodies have built and apply it to traditional finance. *From Hoodies to Suits: Innovating Digital Assets for Traditional Finance* is your guide to understanding and adopting the technologies that are revolutionizing finance.

1

Blockchain Is Not Bitcoin

“Innovation distinguishes between a leader and a follower.”

– Steve Jobs

In January 2023, JPMorgan Chase Chairman and CEO Jamie Dimon appeared on CNBC’s Davos outdoor set of *Squawk Box* wearing a blue parka and a smirk. Host Andrew Ross Sorkin had asked him about cryptocurrency, and Dimon cut him off.

“I think all that’s been a waste of time, and why you guys waste any breath on this is totally beyond me,”¹ he delivered rapid fire.

For a moment, Sorkin was speechless. Then he asked, “Because you think the whole thing is going to zero and it’s fake?”

“Bitcoin itself is a hyped-up fraud,” Dimon replied. “It’s a pet rock.” But then Sorkin began to ask about firms like BlackRock investing in infrastructure to support cryptocurrencies, and Dimon began to soften.

“No, no, that’s different,” he said, extending his hand. “Blockchain is a technology ledger system that we use to move information. . . . We’ve used it to move money.”

In short, blockchain is not bitcoin, and blockchain is the future of finance.

For Dimon, his disdain for crypto buzz was nothing new. He had testified in 2022 before Congress’s House Financial Services Committee that unregulated cryptocurrencies like bitcoin were nothing more than a “decentralized Ponzi scheme” that make it easier for criminals to engage in illegal activities like money laundering and sex trafficking.