



WHITEPAPER

Growth market for Electronic Securities: Opportunities and Requirements for Digital Platforms





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GROWTH MARKET FOR ELECTRONIC SECURITIES: OPPORTUNITIES AND REQUIREMENTS FOR DIGITAL PLATFORMS

Electronic securities offer greater efficiency and cost-effectiveness than traditional financial instruments, making the capital market more accessible to new investor groups. In collaboration with strong partners in payment services and regulatory compliance, platforms can quickly and legally establish themselves in this emerging market.

QUICK FACTS:

Elektronic securities

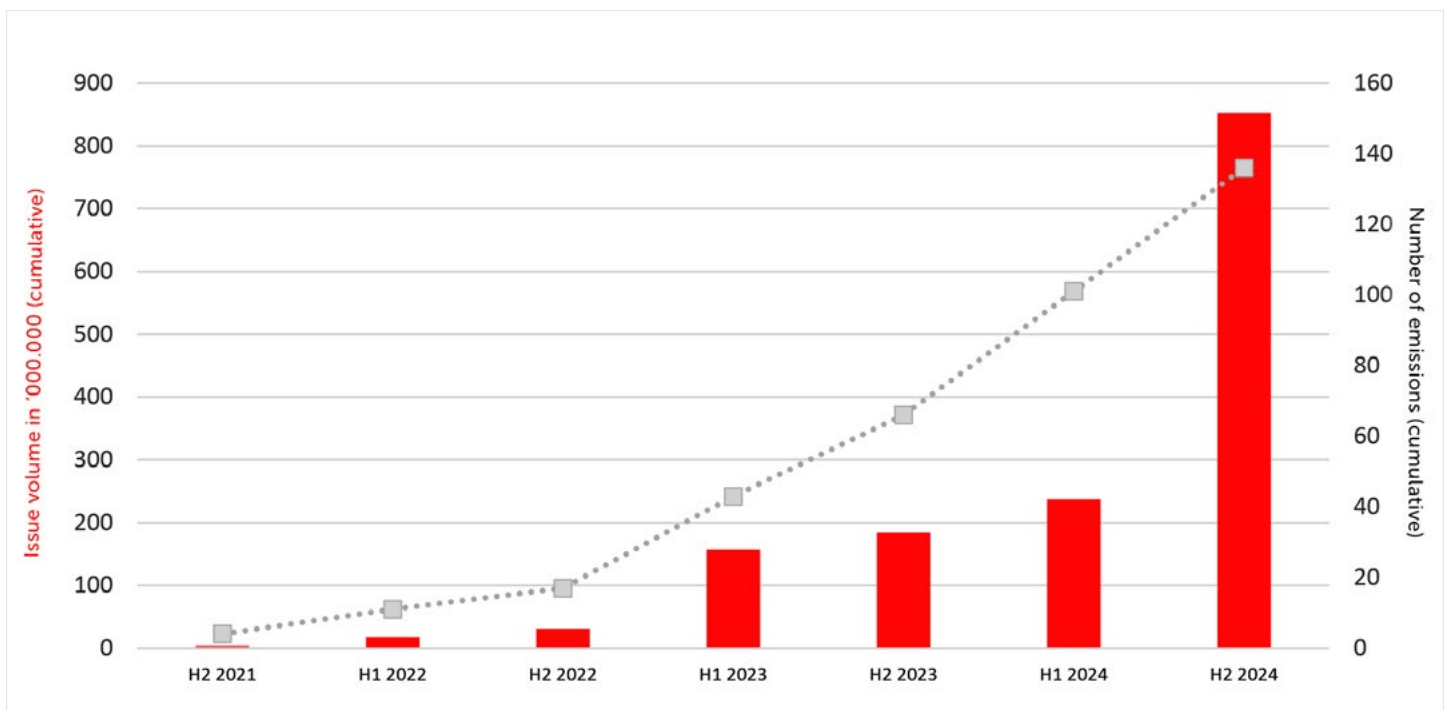
- ✓ are **digital versions of traditional securities** such as shares, bonds or debt instruments. They do not exist physically as certificates but solely in electronic form.
- ✓ can be maintained centrally or in a so-called **crypto securities registry** based on decentralised databases (distributed ledger technology), e.g. as a blockchain.
- ✓ confer a **legal claim to the holders**, such as dividends, interest or repayment – a key distinction from cryptocurrencies.
- ✓ are subject in Germany to the **Electronic Securities Act ('eWpG')**.

 **Electronic securities are legally regulated digital versions of traditional financial instruments.**

MARKET DEVELOPMENT

The market for tokenised securities is currently undergoing dynamic development in Europe, driven in large part by new regulatory frameworks and increasing interest from both private and institutional investors. In Germany, too, this still nascent market is experiencing significant growth.

According to the [Digital Asset Monitor from Dekabank \(DE\)](#), the issuance volume in the German market increased more than twentyfold in the second half of 2024, reaching €615 million. Particularly noteworthy: the volume is almost three times higher than the total issuance volume since the introduction of the eWpG. The main drivers of this surge were issuances by Siemens (€300 million), KfW and Berlin Hyp (€100 million each). The number of new issuances increased from 23 to 35 compared to the previous year. These developments underscore the growing acceptance of and confidence in blockchain-based securities.



Emission volume and number of emissions from Digital Assets (cumulative) Source: www.deka.de

ADVANTAGES AND OPPORTUNITIES OF ELECTRONIC SECURITIES

Electronic securities are intended to contribute to the efficiency and future viability of the German capital market, enhance its appeal to all participants and thereby improve international competitiveness. Compared to the issuance of physical certificates, the purely electronic version offers significant advantages:

- ✓ Faster transactions
- ✓ Reduced administrative effort
- ✓ Lower costs, resulting in lower administrative and transaction fees
- ✓ High transparency, making fraud or money laundering more difficult
- ✓ Highly secure technology due to decentralised structures
- ✓ High tradability, including fractional ownership

As a result, electronic securities can lower costs for issuers, investors, and shareholders. They improve market access for retail investors and facilitate capital raising on the financial market even for smaller companies. For digital investment and trading platforms, this creates attractive market opportunities. By issuing or trading modern digital financial products, they can expand their portfolios, tap into new target groups and position themselves as future-proof service providers. Through strategic partnerships, they can reliably meet regulatory requirements.

 **Electronic securities make the capital market more efficient and accessible – benefiting all stakeholders**



LEGAL FRAMEWORK FOR ELECTRONIC SECURITIES IN GERMANY

With the Electronic Securities Act [[Gesetz über elektronische Wertpapiere \(DE\)](#)] in 2021, Germany created the legal basis for issuing securities solely by registering them in an electronic securities register. The electronic register can be maintained centrally at a custodian such as the Deutsche Börse clearing service provider Clearstream. Alternatively, the eWpG explicitly allows for electronic securities to be maintained in a decentralised, tamper-proof crypto securities registry. These securities can then be sold publicly or privately to investors and traded via banks, stock exchanges or digital trading platforms. As with traditional financial instruments, strict regulatory requirements must be met.

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ISSUANCE: To issue crypto securities without regulatory overhead, platforms can appoint a licensed **crypto securities registry operator**. This operator creates the security, including the securities identification number ('WKN'), in a tamper-proof manner on the blockchain.

- 
TRADING: In addition to issuance, distributing electronic securities also requires authorisation from the Federal Financial Supervisory Authority ('BaFin'). Digital platforms can act as contractually bound intermediaries under a so-called **liability umbrella**, using the licence of a securities institution that holds a **licence for investment brokerage** and assumes legal responsibility.

- 
SETTLEMENT: Alongside regulatory requirements, trading in crypto securities requires a secure and user-friendly **digital payment solution** provided by a BaFin-licensed payment institution. The security tokens must also be securely stored in a **digital wallet**, which requires a **licence for crypto custody**.

 **Strategic partnerships with licensed service providers enable a fast and secure entry into the business of electronic securities.**



PLATFORM SOLUTION: SERVICE PROVIDERS INTRODUCE THEMSELVES

A best practice has emerged in the crowdfunding market for implementing projects: the platform solution. In this model, regulated cooperation partners work together to offer customers the entire value chain – from issuance and registration to the distribution of electronic securities – from a single source. The issuance or offering is carried out independently by the company, usually a small or medium-sized enterprise (SME). From the outset, however, the platform works in close coordination with a liability umbrella partner, especially when a secondary market is planned. In addition, a crypto securities registry operator, a crypto custodian and a payment service provider are involved. All partners in the value chain are strictly regulated institutions. A user-friendly onboarding and subscription process is developed for investors. Customer data is recorded only once. This is done in compliance with current anti-money laundering and data protection regulations. The data collected is then shared with all cooperation partners.

A co-operation that creates added value:



DELOITTE LEGAL: A STRONG PARTNER FOR CRYPTO PLATFORM SOLUTIONS

Alireza Siadat is a partner at Deloitte Legal responsible for blockchain, distributed ledger technology (DLT) and crypto projects in the DACH and Liechtenstein region. Together with his team, he supports companies in the financial industry with a particular focus on innovative DLT-related financing and payment solutions. As a recognised industry expert, he advises several leading European platform models. Deloitte Legal possesses extensive expertise across all areas of the financial industry – from financial regulatory law to transaction structuring and financial documentation – and advises institutions, investment managers and insurers as well as their clients.

“Crypto securities and the operation of crypto securities registries represent innovative solutions for the issuance and distribution of digital financial instruments. However, for this market to reach its full potential under the eWpG, a viable secondary market is absolutely essential. This requires a platform solution with regulated and experienced partners.”

Alireza Siadat, Solicitor

Partner and Head of Blockchain & DLT at Deloitte Legal



Die führende Infrastruktur für tokenisierte Assets

Emittern und vertreiben Sie tokenisierte Kryptowertpapiere regulatorisch konform nach dem elektronischen Wertpapiergesetz (eWpG).

CASHLINK: SECURE INFRASTRUCTURE FROM A SINGLE SOURCE

Cashlink Technologies GmbH, based in Frankfurt am Main, offers Europe's leading infrastructure for the tokenisation of assets. It enables the issuance of digital securities in accordance with the eWpG in the form of bearer bonds, funds, bonds, shares or certificates. Cashlink holds licences for both the operation of a crypto securities registry and for crypto custody, thus covering the entire value chain of tokenising electronic securities. Shareholders include, among others, the Hessische Landesbank.

- » Service for digital platforms: As an infrastructure provider, Cashlink delivers a legally secure, fully regulated solution for the issuance and settlement of tokenised securities from a single source. Securities can be created via interfaces or web frontends, managed throughout their lifecycle and securely stored in digital wallets for investors.

“The future of the capital market is digital, and tokenisation and crypto securities play a key role in this. Tokenisation increases the fungibility and flexibility of all types of assets and enables transactions in a matter of seconds. At the same time, independencies on central actors are reduced – a feature that traditional financial instruments cannot offer in this form.

Simon Censkowsky

Senior Manager Strategic Business Development at Cashlink

SECUPAY: PAYMENT PROVIDER FOR PLATFORMS

secupay AG, based in Pulsnitz near Dresden, has more than 25 years of comprehensive payment expertise. As a BaFin-licensed payment institution, secupay enables seamless and secure payment experiences both online and offline for a wide variety of companies and business models. Data security and server architecture are certified according to strict PCI-DSS standards. All data is hosted on German servers.

In the [marketplace and platform](#) sector, secupay was among the pioneers in the payment market and offers tailor-made payment solutions for crowdfunding, crowdlending and crowdinvesting.

Digital platforms particularly benefit from services such as

- ✓ **Simple** onboarding and secure identification
- ✓ **Reliable** processing of mixed baskets
- ✓ **A wide range** of payment options
- ✓ **Automated** interest and repayment payments via API
- ✓ **Automated** consideration of fees and commissions through payment splitting
- ✓ Automated deduction of **German** capital gains tax
- ✓ Management of balances on **insolvency-proof** escrow accounts
- ✓ Automated **reversal** in the event of the funding threshold not being reached

COLLECTING FUNDS



With secupay's solutions, donors can freely choose their preferred means of payment and rely on the secure storage and allocation of the deposited amounts. We offer:

- ✓ a project-dedicated IBAN
- ✓ payment processing via an insolvency-proof escrow account in accordance with ZAG

If the project goal is not achieved, secupay pays back the funds already paid in to the donors.

WITHDRAWING FUNDS



If the disbursement requirements are met, the disbursement starts to the project. Depending on the project specifications


- ✓ a funding threshold is taken into account if this has been defined for a project
- ✓ payment in one sum or in phases in several instalments
- ✓ automated settlement of fees and commissions

INTEREST AND REDEMPTION PAYMENTS



With crowdfunding, we ensure that interest and redemption payments are received punctually in the investors' accounts, taking into account the capital gains tax deduction.

We pay the capital gains tax (KapESt) on interest income including solidarity surcharge and, if applicable, church tax to the tax office as part of our legal obligation.

 **Interest, dividends and profits are subject to capital gains tax. As a BaFin-licensed payment institution, secupay ensures that all provisions of German tax law are correctly implemented for digital platforms. Capital gains tax due is automatically calculated and paid to the tax office. Taxpayers receive the required tax certificate annually, in a timely and accurate manner.**



THE CHALLENGE OF CAPITAL GAINS TAX:

Interest income in Germany is subject to capital gains tax above a personal allowance. This tax is levied as a flat-rate withholding tax at a rate of 25%, plus a 5.5% solidarity surcharge. Church taxes may also apply, resulting in different effective tax rates in practice, depending on the investor. The respective tax amounts must be correctly calculated by the crowdfunding service provider or its payment service provider and paid to the tax office. Investors also expect an annual tax certificate in German, which they can submit with their personal tax return to the relevant tax office.

More on this in the  [SECUPAY KNOWLEDGE PORTAL](#)

Tax	Tax rate
Settlement tax	25 %
Solidarity surcharge	5,5 %
Church tax, if applicable	8% bis 9 %
Effective tax burden	not subject to church tax: 26.375% subject to church tax:27.9951%

A CALCULATION EXAMPLE:

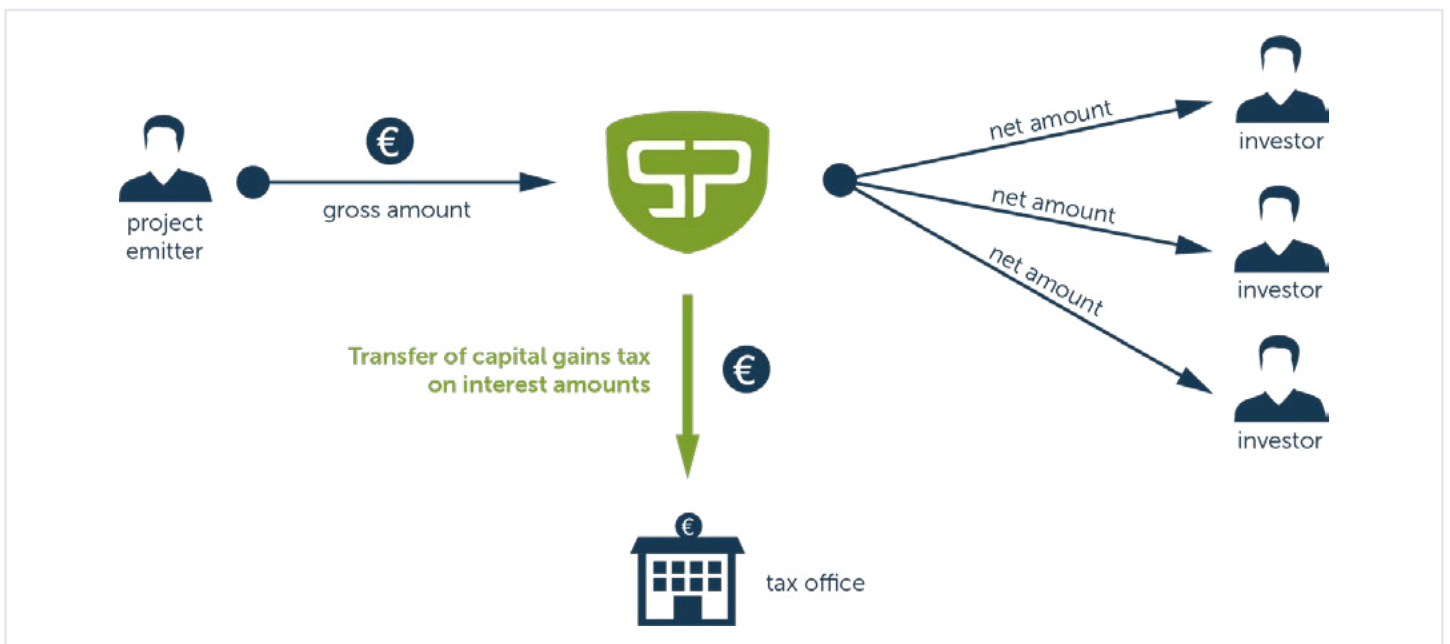
- With an investment of €20,000 and 5.0% interest per year, an investor receives €1,000 interest per year.
- This is subject to a 25% capital gains tax (25% of €1,000 = €250) plus a 5.5% solidarity surcharge on the capital gains tax (5.5% of €250 = €13.75).
- Provided there is no church tax liability, the amount of tax payable is, therefore, €263.75, i.e. 26.375% of €1,000.

By submitting an exemption order to the payment service provider, investors can have up to €1,000 in investment income exempted and thus receive their full interest amount.



SOLUTION:

Issuers or platforms acting on their behalf are exempt from the obligation to handle tax payments themselves if they engage a BaFin-licensed payment institution to manage payment transactions. **secupay reliably handles all incoming and outgoing payments across borders for Investor, ensures the optimal mix of national payment options and correctly implements all the requirements of German tax law.** Capital gains tax due in Germany, including the solidarity surcharge and, if applicable, church tax, is automatically calculated correctly by secupay and paid directly to the relevant tax office. Investors receive the net amount paid out. Once a year, taxpayers residing in Germany receive the required tax certificate in a timely and proper manner.



The purchase and payment flow at secupay



CONCLUSION:

Digital platforms should seize the opportunity to establish themselves early in this important future market. With the support of competent partners, it is possible to expand their own portfolio quickly and legally without regulatory effort, and to leverage synergies in market development. "The future of the capital market is digital," says Simon Censkowsky, Senior Manager Strategic Business Development at Cashlink. "Together with secupay, we can cover exciting use cases in the area of crowdinvesting and alternative (re-)financing solutions."

FURTHER LINKS:


Market overview:

An up-to-date list of all electronic securities issued since June 2021 can be retrieved from BaFin  **Crypto securities list according to eWpG (DE).**


Electronic Securities Act (eWpG) – full text (DE):

 <https://www.gesetze-im-internet.de/ewpg/BJNR142310021.html>

Information on the eWpG from Cashlink (EN):

 [Overview of the eWpG \(Electronic Securities Act\)](#)

Specialist article from the Federal Financial Supervisory Authority (BaFin) (EN):

 [BaFin – Crypto securities registry operation – now also electronic: securities](#)



YOUR CONTACT AT SECUPAY

For all questions regarding crowdfunding and the Electronic Securities Act (eWpG)

"Electronic securities offer attractive growth opportunities for digital platforms. Strategic partnerships help to quickly and efficiently access this newly regulated market without bureaucratic hurdles. With an experienced and BaFin-licensed payment specialist like secupay, you have an agile partner at your side with scalable payment solutions. This allows you to focus entirely on new products and target groups – while we take care of the rest."

TIM J. SAUER

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