

# How MERJ Exchange reimagined a global securities market for the digital era



MERJ Exchange Limited and its group collectively operate a complete set of regulated market infrastructure—spanning exchange, clearing, settlement, registry and depository services. Thanks to their vertically integrated operating model and robust regulatory framework, MERJ has become a respected innovator of the global securities markets.

## THE OPPORTUNITY

### Modernizing a centuries-old trading tradition

For centuries, the Seychelles has been the hub of traditional Indian Ocean trade routes, especially utilized by Asian, Arab and African traders. But as 2009 introduced a turning point for the economic climate, the IMF determined that the Seychelles' economy needed to be diversified—including the creation of a new global securities market. The MERJ team was awarded the mandate in 2011 and began the build of the market infrastructure, rules framework and technology. Rather than building a domestically focused peripheral exchange, MERJ set out to build a global platform for global issuers. It was an opportunity to build a stock exchange from the ground up, designed to service the evolving needs of modern issuers and investors, not hampered by incumbent operators, legacy stakeholders or outdated technology.

**“Circle’s trusted regulatory and blockchain agnostic program is entirely in sync with MERJ’s approach. Using USDC to move funds in and out of our marketplace has been completely transformative—we can now allow counterparties & individuals to fund their MERJ account at the speed of the internet. When a trade is matched, it’s instantly cleared, settled and registered—and now counterparties can move their funds just as quickly.”**

— Jim Needham, head of strategy at MERJ

This global technology led model struck a chord with issuers and by 2021, the exchange had attracted \$1.7B of assets and 53 issuers, but it was experiencing a massive bottleneck when it came to moving funds in and out of their environment. Traditional banking rails could be slow for users outside the Seychelles. Trades were being matched,



cleared, settled and registered instantly, but it could take days to move money in and out of the clearing agency. If this innovative program was to become the modern global exchange they had envisioned, they needed a faster and more flexible solution for transferring funds.

#### THE SOLUTION

## **USDC as the missing link for an innovative stock exchange method**

The MERJ team carefully considered a variety of possible methods to interface between the traditional and digital world to complement their existing payment rails, and found that USDC via Circle was that last missing piece of the puzzle.

The exchange is experiencing massive growth, having been the world's fastest growing stock market in 2019 and 2020. MERJ hasn't stopped there, they are looking at the exciting implications USDC has for the evolution of their real time gross settlement model, as well as taking inspiration from other successful deployments in digital asset marketplaces. "There are huge possibilities for issuers, investors, and custodians to use this ecosystem. We are seeing an acceleration of adoption for using what MERJ and Circle have built, it's phenomenal how well they work together," said Jim Needham, head of strategy at MERJ.



At Circle, we're helping banks and financial firms make the move to digital dollars by removing the complexity, managing the risks, and accelerating the speed to market. For banks that want to join the "money movement" from traditional to digital, it's the right time to get started.

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