

Massachusetts municipality completes first blockchain-based bond issuance in the United States.

The City of Quincy issued \$10,000,000 of tax-exempt bonds leveraging blockchain technology, taking a first step in transforming U.S. municipal debt markets.

On April 25th, the City of Quincy, Massachusetts, in conjunction with J.P. Morgan, issued the first bond in the United States on a platform utilizing distributed ledger technology (DLT), a collection of digital systems that record transactions in multiple locations almost simultaneously. The issuance leveraged J.P. Morgan's Digital Debt Service, an application built on Onyx Digital Assets, J.P. Morgan's private and permissioned blockchain-based platform. J.P. Morgan served as sole underwriter on the transaction.

Quincy Mayor Tom Koch stated that this project is part of his efforts to “utilize emerging technologies to create greater financial participation and better economic outcomes for our constituents. The City of Quincy has invested in its innovation economy over the past number of years, and this is the natural next step towards the democratization of issuing City of Quincy bonds.”

One of the components of DLT is blockchain, a technology consisting of a list of records called blocks that are securely linked together. Blockchains are often programmable and can automate many steps in a bond's life cycle, such as principal and interest payments. The content of a blockchain is often immutable and accessible to all participants, which fosters trust among network participants and reduces the need for maintaining duplicate databases.

Blockwise Advisors and project consultant John O’Keeffe highlighted lower transaction costs, enhanced liquidity, increased access to capital markets and reduced settlement times in the debt market as project goals. **“City CFO Eric Mason and Strategic Asset Manager Rick Coscia understand that establishing a fully functional primary and secondary DLT bond market will take time, but also see the value in the transition to the use of DLT for bond issuances.”**

In recent years, the City of Quincy has supported the DLT landscape through sponsorship of Boston Blockchain Week and partnerships with Blockchain R & D initiatives at QUBIC Labs to support the local innovation economy.

Also assisting the City to help facilitate the blockchain-based bond issuance was their bond counsel, Locke Lord, financial advisor, Hilltop Securities, underwriter’s counsel, Orrick Herrington and Sutcliffe. Additionally, Quincy’s independent auditors, Jim Powers, and Todd Jurczyk of Marcum LLP of Boston as well as their consultant on economic development, Dorminson Consulting, were instrumental in helping to finalize the deal.