Discussion: "Optimal Design of Tokenized Markets"

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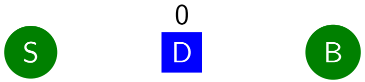

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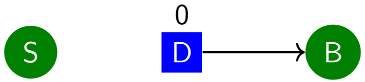

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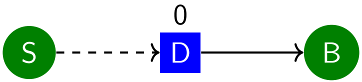

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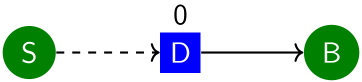

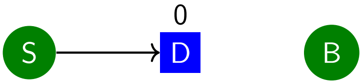

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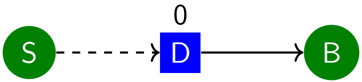

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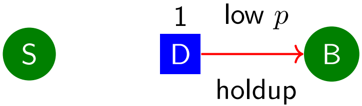

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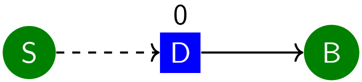

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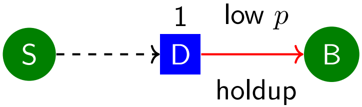

Tokenization $\equiv$ Instant Settlement

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Companion paper	Zero settlement risk token system $\Longleftrightarrow$ Instant settlement
This paper	Proposition 4 (p.34): State-contingent programs reintroduce settlement risk
	Move to Proposition 0?

Fundamental tension between settlement risk and holdup

- Remove settlement risk requires immediate settlement
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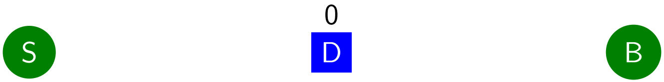
- Optimal balance between settlement risk & holdup?
  - Legacy system: penalty for settlement failure
  - Token system: varying degree of state contingency

Match making - a joint solution to holdup and settlement risk?



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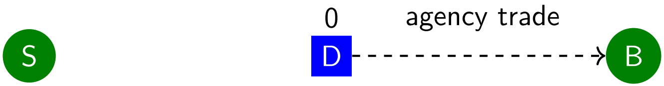

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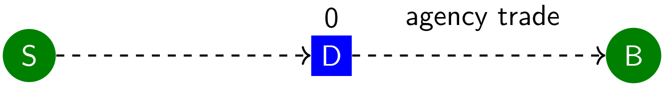

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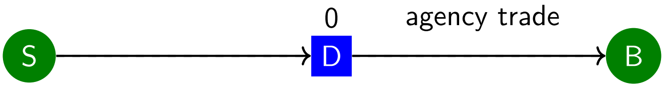

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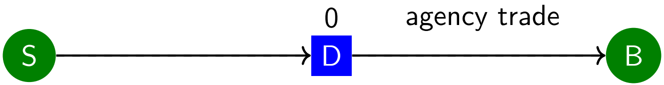

- Zero settlement risk: no trades occur in the worst case scenario
- Doesn't worsen holdup relative to the legacy system

Summary

Conceptually deep paper

Main suggestions:

- Explain zero settlement risk $\iff$ immediate settlement earlier
- Emphasize the fundamental tension between settlement risk & holdup
- Rule out match making as an joint solution to settlement risk & holdup