

Dec 19, 2019, 04:53pm EST | 2,892 views

# Blockchain Veteran Symbiont Is On A Quiet Mission To Fix Financial Services

**Ben Jessel** Contributor ⓘ

Crypto &amp; Blockchain

*I write about fintech and the next wave of digitization in financial services.*[Follow](#)

Listen to article 9 minutes



*This the first in a series of articles seeking to profile early entrants into the space of blockchain in financial services.*

Five years is a long time in blockchain. During this time, the industry has seen blockchain providers come and go and the early exuberance surrounding the technology give way to general skepticism. However, one of the earliest companies in the space, Symbiont, appears to have weathered the storm, quietly advancing blockchain technology in financial services.

## **The Inspiration Of The Housing Crisis.**

Symbiont CEO and serial entrepreneur Mark Smith came to blockchain after witnessing the destruction in value caused by the housing crisis in 2008. A year before, Smith had assisted a business partner in establishing the Anderen Bank of Tampa Bay which afforded him a front row seat for the unfolding crisis

Introducing the Forbes.com

have instead provided that much needed transparency into the mortgage market“ says Smith with a barely detectable drawl that hints at his small-town southern roots as we sit in a conference room at Symbiont’s Soho headquarters in New York.

Having helped sell the bank for \$37 million 2011, Smith founded Symbiont with his co-founders Adam Krellenstein, Evan Wagner, and Robby Dermody.

### **Keeping Good Company.**

To pull off Symbiont’s mission to put blockchain to good use in such as notoriously conservative and slow-moving market as financial services requires strong capability and backing. On both accounts, the company seems to be well equipped, as evidenced by their recent hire of CLS managing director of [Joe Zicarelli](#) and their latest cohort of investors (including NASDAQ and Citigroup) that form the fabric of Wall Street financial services infrastructure today.

---

#### MORE FOR YOU

**Crypto Price Prediction: \$100,000 Bitcoin Could Come Even Sooner Than You Think With Ethereum Leading The Way**

**JPMorgan Warns Big Investors Are Suddenly Dumping Bitcoin For Ethereum Amid A \$150 Billion Crypto Price Crash**

**China’s Supposed ‘Bitcoin Ban’ Fails To Crash Market As Twitter Adds Crypto Payments In Historic First**

---

To put would-be clients more at ease, Symbiont — in direct contrast to the technology-first culture of many Silicon Valley blockchain companies — positions itself as a fintech solution provider rather than a blockchain

---

**Forbes** | Careers

## Climb the Career Ladder with Forbes

Land the job, get a raise and learn to lead with our weekly newsletter.

**Sign Up**

You may opt out any time. By signing up for this newsletter, you agree to the [Terms and Conditions](#) and [Privacy Policy](#).

### **The Early Challenges For Enterprise Blockchain.**

Nobody in the industry — including Smith admits, himself — imagined that the uptake of blockchain in financial services would be as slow as it has been. It's turned from a sprint into a marathon, during which, for a while, the company appeared to be in danger of being eclipsed by better funded rivals.

One early rival was JP Morgan backed Digital Asset Holdings which had a war-chest three times larger than Symbiont and star-power in the form of CEO Blythe Masters. Significantly outgunned financially, Symbiont found themselves competing against the organization both in the syndicated loans space, and then later on in a bitterly fought bid with the Australian Stock Exchange which they lost.

Symbiont has also faced challenges with clients that have been hesitant to move experimentation to actual implementation. A brief foray into catastrophe bonds wasn't successful. An audacious move to bring blockchain to Delaware to help the state keep its \$1.4 billion company incorporation franchise competitive ultimately proved a step too far for the sun shy state legislators. Although not before the state agreed to implement

**Introducing the Forbes.com**

The loss of Symbiont's President and Chairwoman Caitlin Long also raised the eyebrows of industry commentators.

### **Staying The Course.**

While the many of the blockchain players have failed to gain traction and either pivoted or closed shop during the long blockchain war of attrition, Symbiont appears to have stayed the course.

While Symbiont has managed to stay out of the increasingly negative news cycle surrounding blockchain that started in 2017, arch-rival Digital Asset Holding became a regular fixture. In September 2018, the Australian Securities Exchange, or ASX, revised the proposed go-live date for the CHES replacement to March/April 2021, which was still within the original range for a go-live date proposed earlier in the year, but it was **characterized by some as a delay**. News of other challenges at the firm have come to light such as a syndicated lending project with JP Morgan that was quietly dropped, Blythe Masters the former CEO of the company stepped down and the company shifted its business focus toward the open source DAML smart contract language, which it created.

Chain was another early competitor to Symbiont that also ultimately left the industry. NASDAQ backed Chain competed against NYSE backed Symbiont (via a seed investment from ex-NYSE CEO Duncan Niederauer), signaling that the two exchanges were looking to play out their rivalry in the battlefield of blockchain. Ultimately, however, Chain lost traction and retired from the enterprise blockchain space in 2019, with its backer NASDAQ throwing its weight behind Symbiont.

### **Gaining Momentum - Mortgages And Fund Management**

---

to be on his way, albeit slowly, to achieving his vision fixing the mortgage market.

Lewis Ranieri is a controversial figure given his perceived [role](#) in the financial crisis, however, having a partner who has most Wall Street executives on speed-dial is likely to be an asset to Symbiont.

Outside of the mortgage market, Symbiont's other success story is their work with Vanguard where since February 2019, the fund management giant has been using Symbiont technology to automate portfolio rebalancing for \$1.5 trn of funds managed by the fund giant.

I've personally been skeptical about this use case - you don't need a blockchain to convey pricing feeds, or so I thought. Smith is quick to defend, proceeding to scribble a series schematics depicting the fund ecosystem on a nearly whiteboard.

Thirty minutes later and a whiteboard full of diagrams and I stand corrected; as it turns out, portfolio rebalancing is a solution where blockchain appears to be uniquely suitable to as a solution. Buy-side firms like Vanguard rely on proprietary data feeds from multiple third parties that articulate the balance of the concentration of bonds and equities in a given index, which changes daily.

With the absence of a standardized data format, these files must be processed and verified by a team within Vanguard before they can be sent to the trading desk to make the necessary trades to rebalance the portfolio. Time is of the essence as traders need to buy or sell the financial instruments before the market closes in order to ensure compliance.

---

Blockchain becomes important because of the lack of appetite in the

“Where Vanguard used to execute trades, on average, at about 3:47pm, with blockchain this is now achieved by 10:00 am” claims Smith. Executing rebalancing trades earlier than rivals gives Vanguard a competitive advantage, as they can buy and sell assets more cheaply before other fund managers pile in and make it a crowded trade.

Emboldened with having the rare claim to have blockchain solution in production, the firm is now embarking a peer-to-peer foreign exchange swap for [buy side institutions](#) that can remove banks from the loop of the buy-side exchanging foreign exchange with each other.

### **Don't Count Your Chickens.**

If the industry has taught us anything, however, it's that nothing in blockchain is ever guaranteed, that the wheels of financial services innovation turn painfully slowly.

As an example, I remind Smith that the syndicated lending platform that I briefly worked on with him back in 2015, still hasn't launched, nearly five years later. The fate of the platform is currently being decided in the [Delaware chancery courts](#) after Symbiont filed a suit against its joint venture partner Ipreo after they merged with rival Markit IHS.

With success in blockchain always hanging precariously in the balance, Symbiont and its backers seem, at least, have a finger on the scales to tip it towards their favor. Will that help? Only time will tell.