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SGX and Temasek JV to acquire minority stake in Covalent to build end-to-end digital infrastructure

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Marketnode, the digital assets joint venture (JV) by SGX and Temasek Holdings, has partnered with fixed income issuance and data firm, Covalent Capital.

The JV was formed by SGX and Temasek Holdings on Jan 22.

Through the partnership, Marketnode and Covalent will build Asia Pacific's first end-to-end digital infrastructure in the fixed income space. Marketnode will also acquire a minority stake in Covalent under the agreement.

The partnership is slated to bring together fixed income (FI) workflows at bond issuances continue to grow in Asia ex-Japan, where G3 primary issues have grown 46% to US\$387 billion (\$514.88 billion) over the last two years.

Marketnode and Covalent will, through their partnership, work together to streamline the listing, straight-through processing and settlement of bonds and activities in bond lifecycle management.

It will connect Covalent's flagship OMAS platform, a data, book building and allocations tool, with SGX's listing, post-trade and asset-serving capabilities.

The partnership will thus provide the Asian bond market with a one-stop listing, issuance and lifecycle management platform.

Lee Beng Hong, senior managing director, head of fixed income, currencies and commodities (FICC) at SGX, said, "Covalent is an ideal partner for us given its focus on the syndicated bond market, where there is a critical need for digitalisation to meet the needs of issuers, buy-side institutions and service providers. This is a significant step towards building an issuance-to-settlement platform that addresses all of their infrastructure needs."

Pradyumna Agrawal, managing director, [Blockchain@Temasek](#), added, "We see the transformative potential of end-to-end digital asset solutions for financial transactions. We are excited to take the next step with this partnership between Marketnode and Covalent. Bringing together core capabilities and insights across the organisations involved will help deliver greater and more meaningful impact as we continue to digitalise and innovate across our capital markets infrastructure."

Lim Cheng Khai, executive director (financial markets development department) of the Monetary Authority of Singapore (MAS), said, "Digitalisation and automation will lead to higher level of efficiencies, market transparency and information availability for all industry participants including banks, investors and issuers. MAS welcomes SGX, Temasek and Covalent's partnership to build the first end-to-end digital infrastructure supporting the digitalisation of fixed income markets in Asia."

Sanjay Garodia, CEO at Covalent Capital, said, "We are really excited to take the joint product to stakeholders involved in the capital markets space from issuers and law firms to underwriters and investors. The investment by SGX and Temasek validates the need for a holistic

solution to the legacy infrastructure which currently supports the burgeoning market.”

Shares in SGX closed 6 cents higher or 0.6% up at \$9.90 on Jan 29.

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