ABSTRACT

Various embodiments of the present technology relate to methods and systems for securely transferring securities and for preventing naked short selling of securities. In some implementations, the system receives inventory securities available for preborrowing and authorizes placement of a right to pre-borrow the one or more securities at an auction administered by an alternative trading system. The securities that are auctioned to a bidder are then received into a first addressed account associated with the token generator. In response to receiving the securities into the first addressed account, the system generates a token indicating one or more borrowing parameters. Upon receiving notification from the alternative trading system that the token is matched with a bid, the system cryptographically signs a transaction to transfer the token to a second addressed account associated with the bidder. Thereafter, if the bidder so chooses, the token can be sold to other customers.

[Figure 1]