

HQLA^x DLT Platform Surpasses €1bn Milestone on DvD Securities Lending Transactions

Luxembourg, June 6th, 2024

HQLA^x announced today that BNY Mellon, Goldman Sachs International (“Goldman Sachs”) and HSBC have successfully passed the €1 billion notional milestone in outstanding agency securities lending Delivery vs Delivery (DvD) transactions using the HQLA^x Distributed Ledger Technology (DLT) platform. DvD is the simultaneous or atomic exchange of securities versus securities.

As part of the €1 billion securities lending balance, HQLA^x created Digital Collateral Records (DCRs) to effect the simultaneous ownership exchange of Loan ISINs and Triparty collateral on delivery versus delivery basis. Digital Collateral Records enable lenders and borrowers to transfer ownership of securities via the HQLA^x distributed ledger, without the need for further market settlement. This eliminates intraday exposure and associated credit risk identified in most current collateral settlement practices.

BNY Mellon's Triparty platform provided safekeeping and collateral management services, while Pirum's post-trade Triparty connectivity infrastructure enabled real-time calculation and adjustment of the collateral required.

Nehal Udeshi, Global Head of Securities Finance, BNY Mellon, said: “This is an important milestone for the Securities Finance market. We are interested to explore the further possibilities that Distributed Ledger Technology can bring to the broader industry.”

Amar Amlani, Head of EMEA Digital Assets, Goldman Sachs, said: “Having been early adopters of HQLA^x's DLT based solution, it's fantastic to see the transition into the scaling phase of activity where previously theoretical benefits such as the precise, simultaneous movement of collateral are now being demonstrated in size on a BAU basis. We are no doubt still in the early stages of adoption and there are a number of additional benefits and efficiency gains to be derived - we are looking forward to continuing working with HQLA^x, our clients and counterparts to scale balances along with expanding applications of DLT across products.”

Jamie Anderson, Head of Collateral Treasury Trading, HSBC, said: “We’re pleased to have carried out this first of its kind atomic transaction with BNY Mellon on the HQLA^x platform. It removes the intraday credit and collateral risk while also executing more efficiently securities lending trades for global custodians. We look forward to continuing to innovate with HQLA^x and our key partners.”

Guido Stroemer, CEO of HQLA^x, said: “Going live with our Agency Securities Lending DvD functionality is a huge milestone for our platform and a transformational market development for the broader securities lending industry.”

About HQLA^x

HQLA^x is an innovative financial technology firm that leverages Distributed Ledger Technology (DLT) to bring game-changing efficiencies to the securities finance and repo industry. Our core clients are banks and asset managers active in the global securities finance and repo markets, and our unique platform enables market participants to execute frictionless, precise and real-time transfer of ownership of securities. www.hqla-x.com

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