Industry stakeholders partner on blockchain based margin and collateral solution

AMSTERDAM, BRUSSELS, LONDON and STOCKHOLM, 19 June 2018 – ABN AMRO Clearing, EuroCCP, Euroclear and Nasdaq have completed a joint proof of concept to make the use of securities more efficient when used to cover margin calls, including after business hours, using blockchain, or distributed ledger technology (DLT).

This solution addresses significant business challenges and inefficiencies related to the current provision of collateral to Central Counterparties (CCPs) and has demonstrated that a shared, resilient network can be built between collateral givers, collateral takers and intermediaries.

The inefficiencies of collateral processing have been heightened as a result of recent market changes such as extended trading hours by stock exchanges and the requirement to centrally clear derivatives traded bilaterally (OTC) under the European Market Infrastructure Regulation (EMIR). Today, a CCP margin call typically needs to be covered by euro collateral within a short time frame. After the regular hours of central banks and central securities depositories, usually ending at 18:00 CET, options are limited. Several CCPs currently allow for the use of securities to cover intraday (evening) initial margin calls, but this method is rarely used due to inefficient and complex securities delivery processes.

As an increasing number of buy-side market participants centrally clear their derivatives trades, the need to provide an efficient securities collateral solution has become essential. Using the solution developed in the proof of concept, parties were able to handle the margin call, the securities collateral delivery and the return process within minutes. Clearing participants and CCPs were able to optimise their collateral positions through a collateral dashboard.

The underlying collateral transfers were processed by Euroclear's Central Securities Depository, ensuring settlement finality and regulatory compliance.

Nasdaq developed the proof of concept for the DLT nodes while ABN AMRO Clearing, EuroCCP and Nasdaq Clearing developed a specific front-end and managed integration into their own environments.

Coen van Walbeek, Global Head of Treasury and SBL at ABN AMRO Clearing said: "With a faster and more globalised market, it is essential to make the processing of collateral more efficient. Expanding the possibilities to use securities as collateral will make clearing through CCPs more attractive and cheaper for buy-side market participants. This is a breakthrough for the CCP model."

Diana Chan, CEO at EuroCCP said: "We are excited to be partnering on a proof of concept that is extremely useful for transactions that are not already well-served by market infrastructures. With a solution like this in place we will be able to efficiently provide counterparty risk protection of equity trades after hours while reducing operational complexities. Today we are limited by European banking hours or arrangements in other time zones."

Walter Verbeke, Global Head of Business Model and Innovation at Euroclear added: "As a major collateral house, holding € 28.5 trillion worth of assets, we are pleased to participate in this initiative. It demonstrates that a smart combination of NewTech and the resilience of the Central Securities Depository can work effectively and in full compliance with regulatory requirements."

"As both a leading market technology provider and a CCP operator, Nasdaq is uniquely positioned to bring efficiencies to collateral management. We believe that blockchain technology brings with it a huge potential to transform markets everywhere, and this project is an excellent showcase of this." said Julia Haglind, CEO of Nasdaq Clearing.

About ABN AMRO Clearing

ABN AMRO Clearing is one of the world's leading providers of clearing and financing services for listed derivatives and cash securities, OTC products, warrants, commodities and FX. With 11 offices globally employing more than 800 staff, ABN AMRO Clearing services clients on 160+ exchanges, MTFs and FX liquidity centres and consistently ranks as a top 3 clearer in most time zones. We consistently post over 20% market share of transactions cleared on most relevant derivatives exchanges globally. ABN AMRO Clearing offers an integrated approach to global transaction processing, financial logistics and risk management and processes over 16 million trades per day.

ABN AMRO Clearing received the FOW Award as the 'Proprietary Traders' Clearing Firm of the Year' (Dec 2013, 2014, 2015, 2016,2017); the CTA Intelligence Award for FCM – Best Client Service (US, Jan 2015 and 2016; Europe, Nov 2016), FCM – Innovation (US, Jan 2017; Europe, Nov 2017) and Best FCM – Overall (Europe, Nov 2015). We also received the HFM-Week Service Award for Best Prime Broker – Client Service (Europe, Apr 2016). For more information: www.abnamroclearing.com

About EuroCCP

EuroCCP clears equities traded on stock exchanges, multilateral trading facilities and other trade sources. After a trade has been executed, EuroCCP centrally manages counterparty risk for trading firms and reduces their post-trade costs through netting. EuroCCP is the most connected CCP in Europe, with access to 82% of equity trades executed on 26 trading platforms. EuroCCP clears equities, ETFs and depositary receipts listed in 19 national markets including the United States.

EuroCCP is headquartered in Amsterdam, equally owned by the stock exchanges Cboe Europe, Euronext and Nasdaq, by ABN AMRO Clearing Bank and by The Depository Trust & Clearing Corporation (DTCC).

About Euroclear

Euroclear group is the financial industry's trusted provider of post trade services. At the core, the group provides settlement, safe-keeping and servicing of domestic and cross-border securities for bonds, equities and derivatives to investment funds. Euroclear is a proven, resilient capital market infrastructure committed to delivering risk-mitigation, automation and efficiency at scale for its global client franchise.

The Euroclear group includes Euroclear Bank - which is rated AA+ by Fitch Ratings and AA by Standard & Poor's - as well as Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden and Euroclear UK & Ireland. The Euroclear group settled the equivalent of EUR 733 trillion in securities transactions in 2017, representing 215 million domestic and cross-border transactions and held EUR 28.6 trillion in assets for clients.

About Nasdaq

Nasdaq (Nasdaq: NDAQ) is a leading global provider of trading, clearing, exchange technology, listing, information and public company services. Through its diverse portfolio of solutions, Nasdaq enables customers to plan, optimize and execute their business vision with confidence, using proven technologies that provide transparency and insight for navigating today's global capital markets. As the creator of the world's first electronic stock market, its technology powers more than 90 marketplaces in 50 countries, and 1 in 10 of the world's securities transactions. Nasdaq is home to approximately 3,900 total listings with a market value of approximately $13 trillion.

To learn more, visit: http://business.nasdaq.com

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