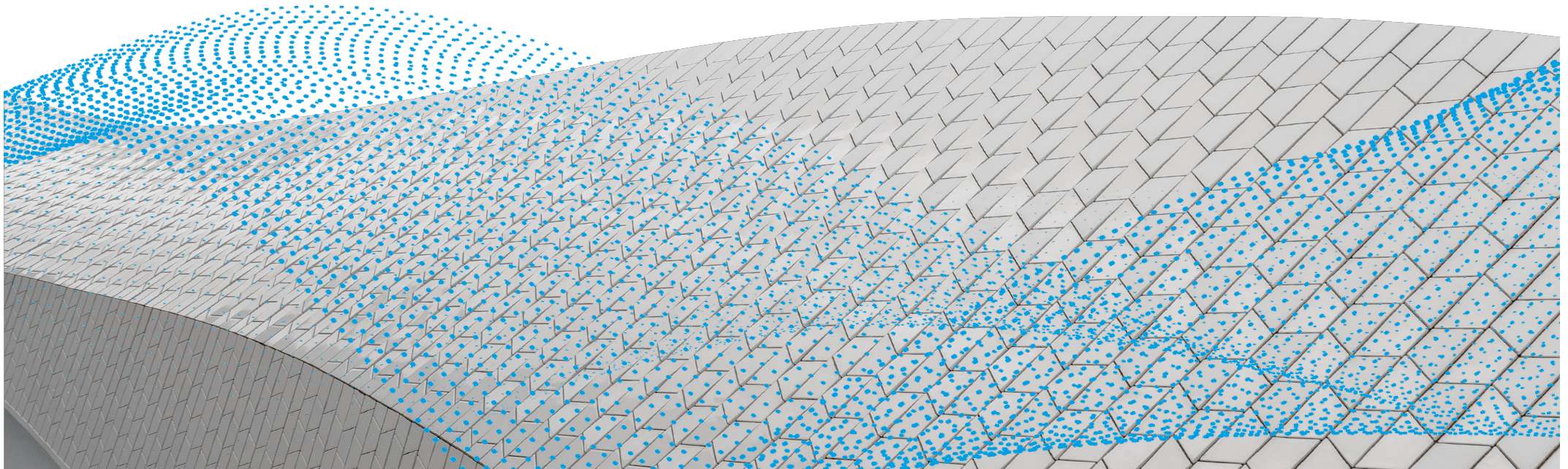


*The distributed ledger  
for Securities Finance and Repo*



## Overview

HQLA<sup>X</sup> is an innovative financial technology firm **founded by financial market practitioners**.

Our vision is to be the distributed ledger for Securities Finance and Repo.

Our immediate goal is to provide **capital savings** to global banks by **improving collateral mobility** across market-leading triparty agents and custodians in Europe.

We closed a **EUR 14.4m Series B financing** in December 2020 with participation from BNY Mellon, Goldman Sachs, BNP Paribas, Citigroup and Deutsche Börse, which J.P. Morgan joined in June 2021. These institutions are all either board members or have board observer rights.

## What is HQLA<sup>x</sup> ?

The HQLA<sup>x</sup> operating model enables market participants to manage HQLA portfolios more efficiently, via capital efficient ownership transfers of baskets of securities.

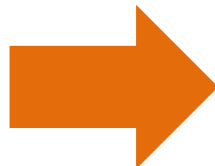
- A **digital collateral registry** is used to record ownership of baskets of securities, whilst the **underlying securities remain static** in the custody location of the collateral giver.
- This enables financial institutions to execute **Delivery vs. Delivery (“DvD”)** ownership transfers of baskets of securities across triparty agents and custodians at **precise, predetermined moments in time**.
- DvD reduces intraday credit exposures and intraday liquidity requirements, thereby achieving **capital savings**.

## Atomic Delivery vs. Delivery “DvD”

### Without HQLA<sup>x</sup>

Market practice is to settle collateral upgrade transactions either by:

- Two Free of Payment (**FoP**) deliveries, or
- Two Delivery vs. Payment (**DvP**) deliveries
- Both settlement practices **consume costly bank capital**



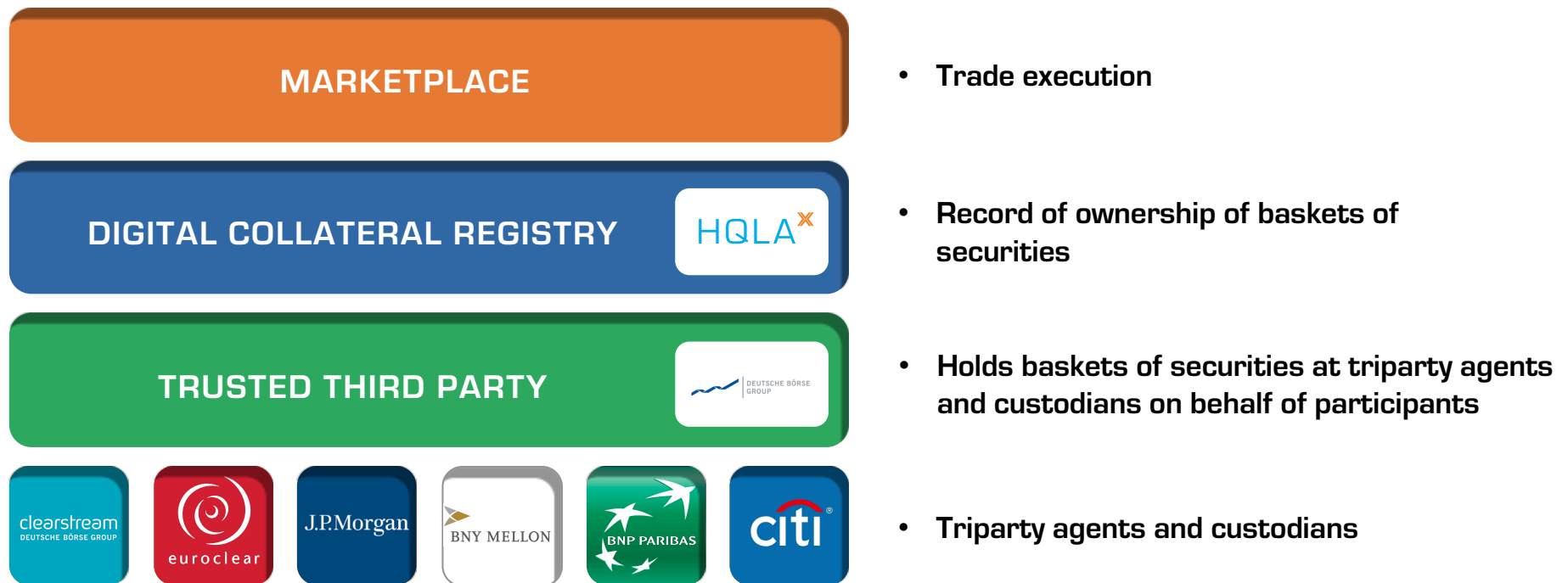
### With HQLA<sup>x</sup>

- Atomic Delivery vs. Delivery “**DvD**”
- At precise moments in time
- Without cross custodian settlement movements

### Benefits:

- **Capital cost savings**
  - Reduction in intraday credit exposures
  - Reduction in intraday liquidity requirements
  - Reduction in operational risk from fails

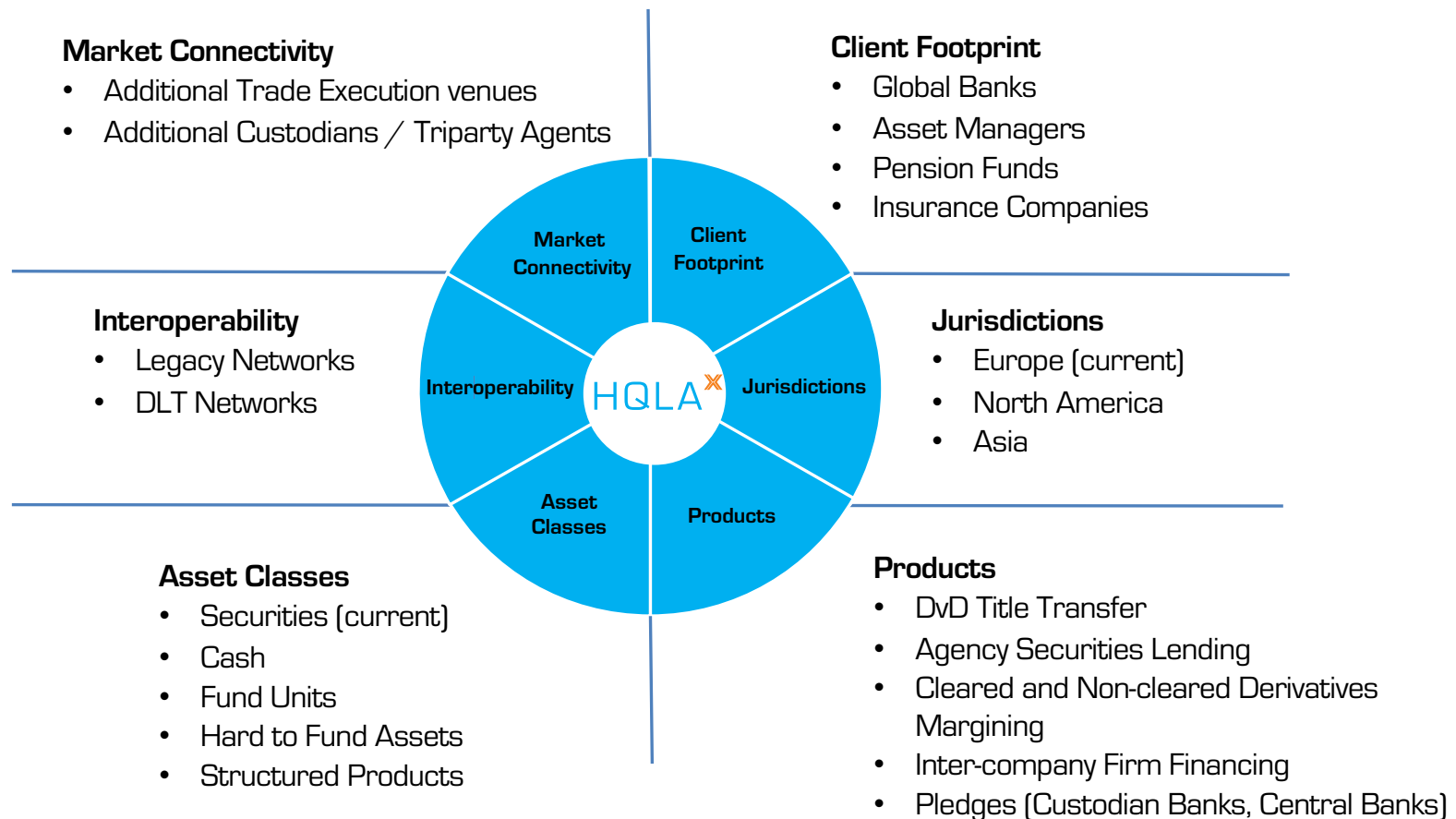
## Operating Model



## Onboarding Requirements

<b>Marketplace:</b>	Onboard trade execution venue
<b>Digital Collateral Registry:</b>	Sign platform rulebook and software licence agreement
<b>Trusted Third Party:</b>	Consume inventory reporting
<b>Triparty Agents and Custodians:</b>	Use existing collateral management agreements

## Product Roadmap



## HQLA<sup>x</sup> Stakeholders



## Addressable Market

**Every €1 billion of HQLA costs approximately €10 million per year<sup>1</sup>**

- Total HQLA held by Group1 banks<sup>2</sup> €15.8 trillion<sup>3</sup>
- Average LCR per Group1 bank 144%
- Aggregate excess HQLA held by Group1 banks €4.7 trillion, costing €4.7 billion per year<sup>1</sup>

<sup>1</sup> According to a report by Oliver Wyman, "Intraday Liquidity: Reaping The Benefits of Active Management".

<sup>2</sup> Group 1 banks are those that have Tier 1 capital of more than €3 billion and are internationally active.

<sup>3</sup> HQLA and LCR data from Basel Committee on Banking Supervision "Basel III Monitoring Report" (February 2022).

9 Rue du Laboratoire  
L-1911 Luxembourg  
[www.hqla-x.com](http://www.hqla-x.com)

HQLA<sup>x</sup>

