HQLAX

Redefining Collateral Mobility

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.

Guido Stroemer
Co-founder & CEO

The problem we solve

Financial institutions manage a patchwork of custodian and counterparty relationships that currently makes collateral mobility costly and complex.

This fragmentation leads to:

- inefficient allocations of collateral across the activity centres of a firm
- excessive over-collateralisation in certain positions
- as well as higher cost of collateral over suboptimal tenors

Impact of Distributed Ledger Technology

GFMA 2023

HQLAX

We estimate these costs to be

€50-100 million

per year

for a global market participant.

Collateral management today

- Managing collateral across multiple locations and time zones is subject to a "spaghetti mess" of operational frictions and inefficiencies that result in staggering bottom-line costs.
- Global collateral outstanding was over €24 trillion in 2022.*
- Cost Drivers:
  - Excess HQLA buffers
  - Optimization constraints
  - Counterparty credit risk
  - Operational risk
  - Settlement costs

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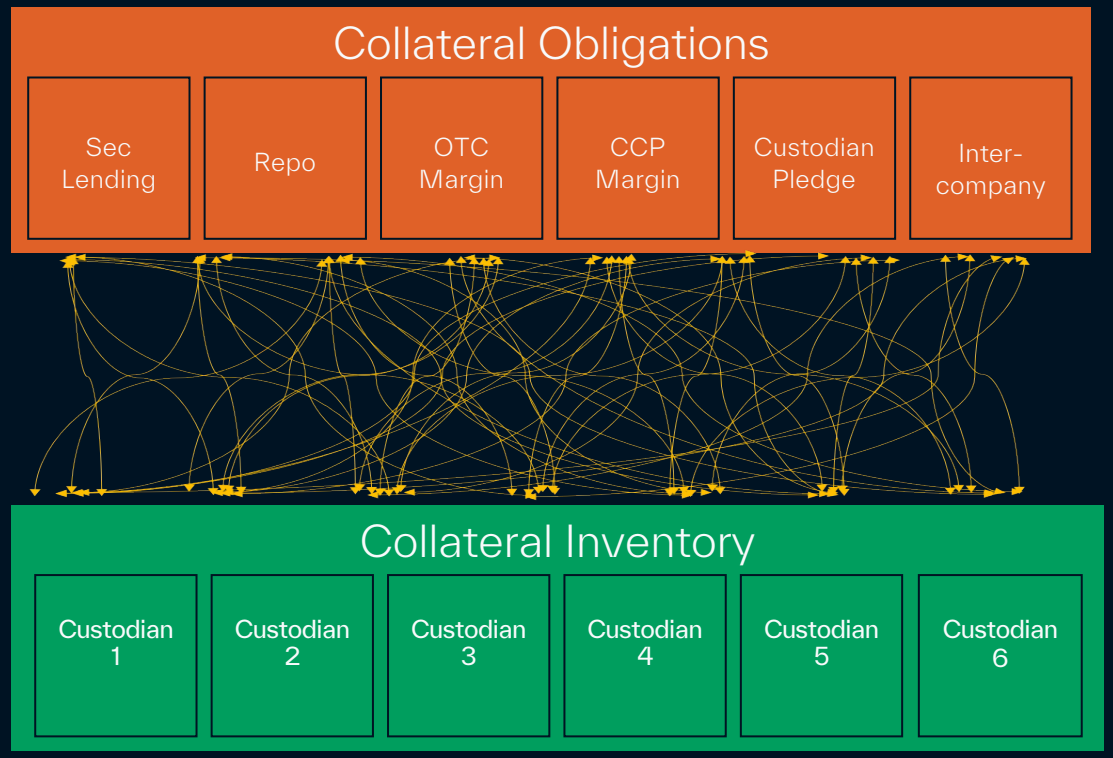
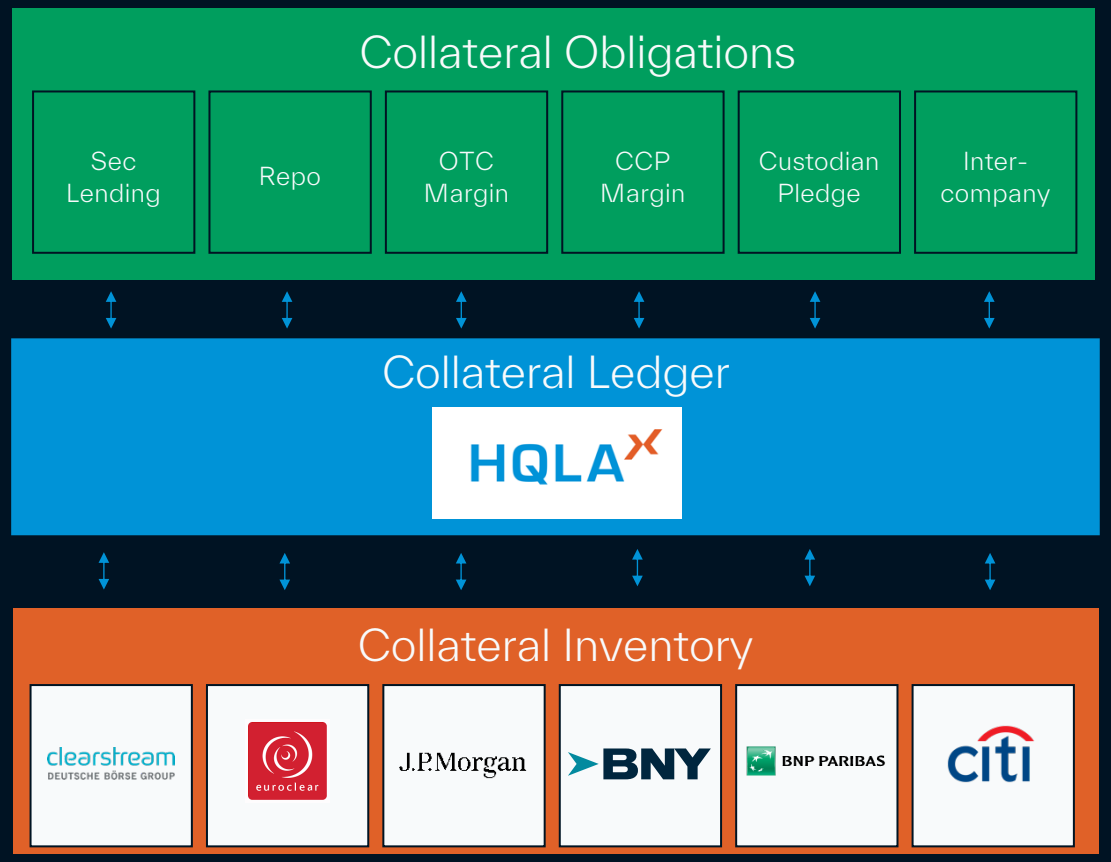
"Spaghetti Mess"



A strategic solution

HQLA^X is a private permissioned digital ledger that facilitates the ownership transfer of securities whilst avoiding cross-custodian movements.

- Collateral obligations are captured through marketplaces or instruction channels.
- HQLA^X records the ownership of securities using Digital Collateral Records (DCRs) held by the Trusted Third-Party for clients at triparty agents and sub-custodians.
- By decoupling ownership transfer from the movement of assets, exchange can take place without moving securities physically.
- Clients can specify the exact point in time to exchange collateral to provide even greater certainty and control.



Benefits of using our platform

HQLA^X

Lower excess HQLA buffer

Lower usage of intra-day liquidity and therefore HQLA buffer requirements

Less drag on net earnings

Full optimization

Match sources and uses of collateral optimally using our platform

Greater freedom to redeploy trapped collateral

Benefit from a unified collateral pool

Mitigated counterparty credit risk

Synchronized Delivery vs. Delivery mechanism (DvD)

Precise ownership transfer timing

Lower intra-day counterparty exposure (real-time margining)

Reduced operational risk

Reduction in cross-custodian settlement

Lower risk of settlement failure or trapped liquidity

Higher operational resilience using DLT

Lower operating costs

No unit cost per settlement

Lower likelihood of errors requiring back-office remediation

HQLA^{X}

WITH HQLA^{X}

Execution of frictionless, precise and real-time transfer of ownership

To meet a wide variety of collateral obligations

PRODUCTS

- DvD Securities Lending
- Margin Management
- DvP Repo

Built by the market

Developed in partnership with Tier 1 organisations

Global Custodians and Triparty Agents including: Bank of New York Mellon, BNP Securities Services, Citibank, Clearstream, Euroclear, and J.P. Morgan.

for the market

Founded by financial market practitioners in search of a solution

HQLA^X was born out of first-hand experience of the frustrations and pain-points deriving from inefficient collateral mobility.

Guido Stroemer
CEO

Olly Benkert
Co-founder & Advisor

HQLAX

Institutional investors

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