

The image features a dark blue background with abstract geometric shapes. On the right, there is a curved, metallic-looking structure that resembles a modern building facade or a large sculpture, with a lighter blue sky visible in the upper right corner. The HQLA X logo is positioned on the left side of the image.

HQLA<sup>x</sup>

Redefining  
Collateral Mobility

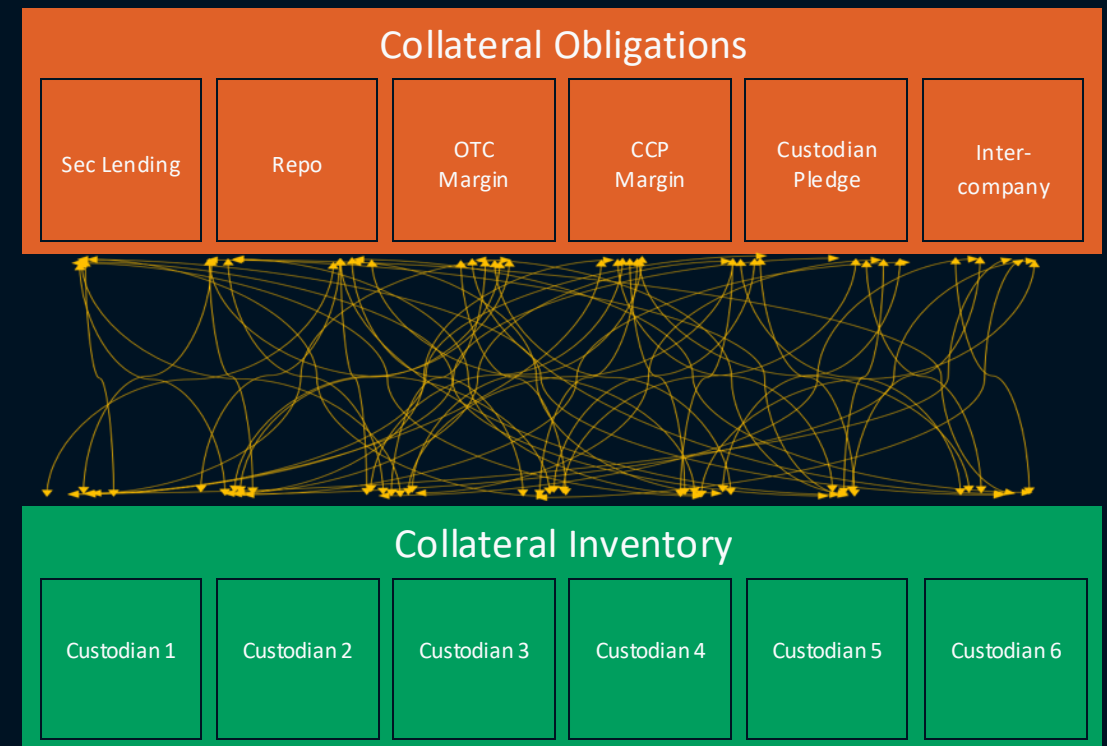
## Introduction to HQLA<sup>x</sup>

- The problem we solve
- Our value proposition
- A better way to meet collateral obligations
- Total addressable market
- Product summaries

# The problem we solve

- Today, large global banks physically move securities across a fragmented custody network to meet collateral obligations with their clients.
- This antiquated market practice results in imprecise, costly and inefficient collateral management, which can result in staggering bottom-line costs estimated to be € 50 – 100 million per year for a global market participant.
- HQLA<sup>x</sup> offers an alternative.

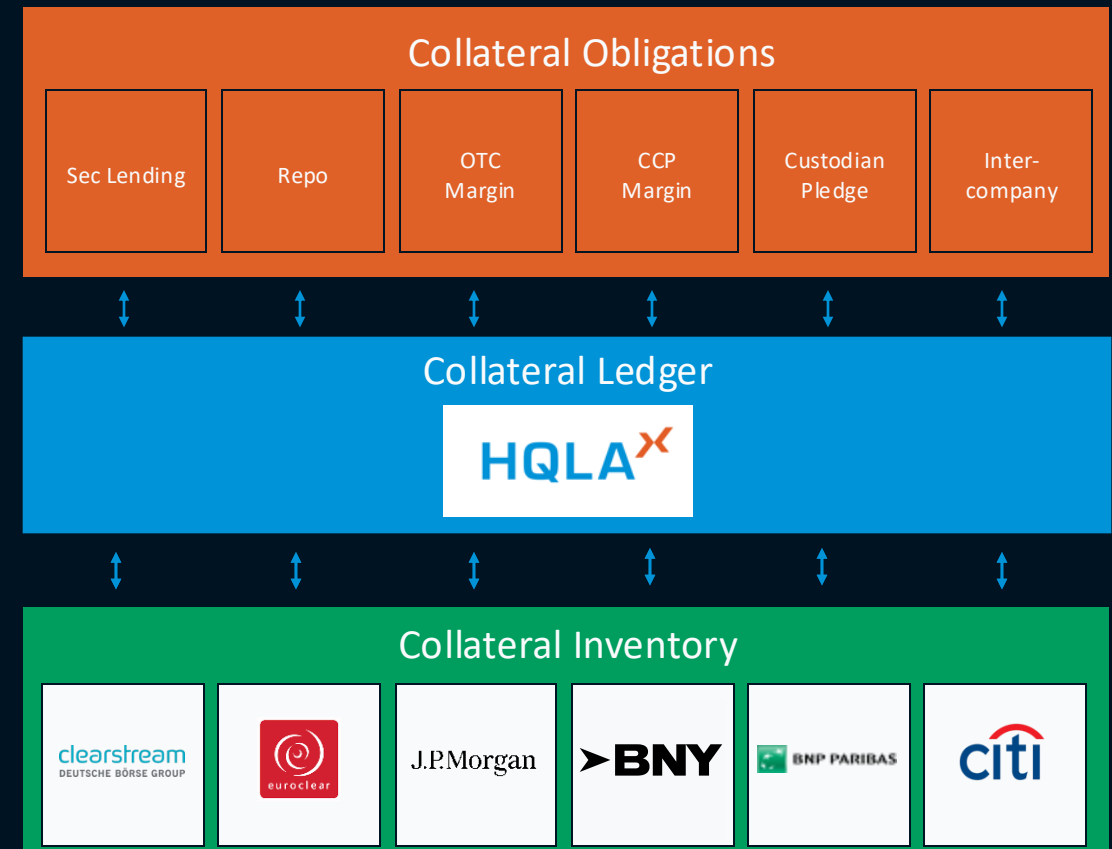
## Collateral management today



# Our value proposition

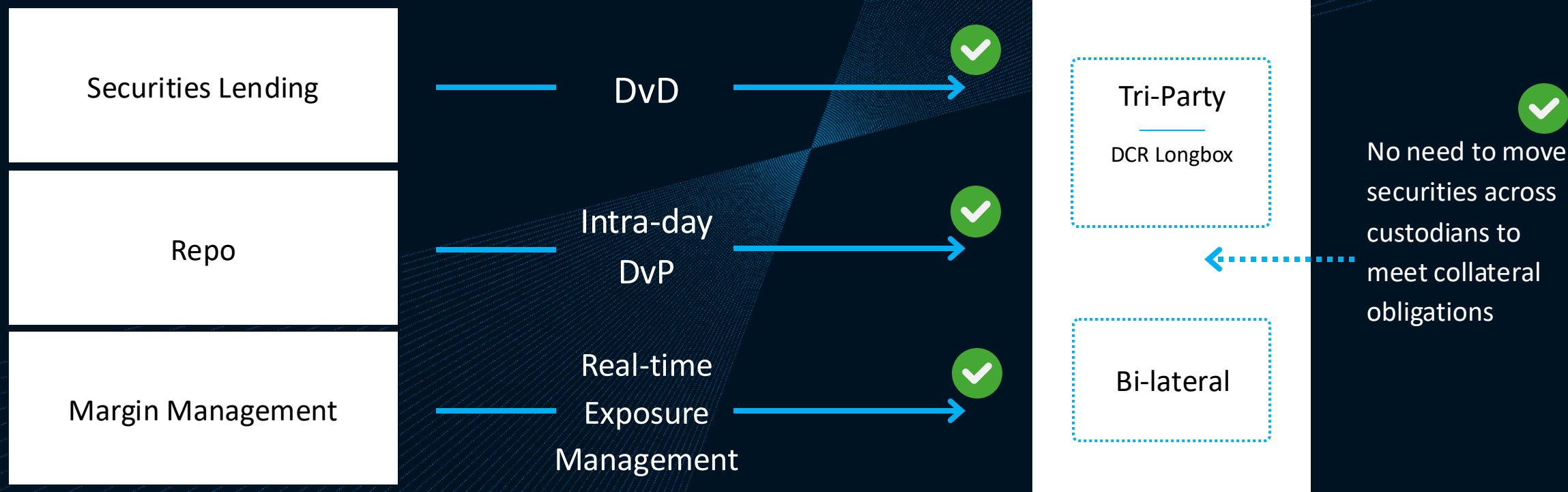
- HQLA<sup>x</sup> enables clients to meet their collateral obligations without needing to physically move securities.
- This is achieved by using new technology (DLT) to represent legal ownership of securities at a regulated custodian.
- As a result, ownership of securities can be transferred in real-time when required.

## Our Operating Model



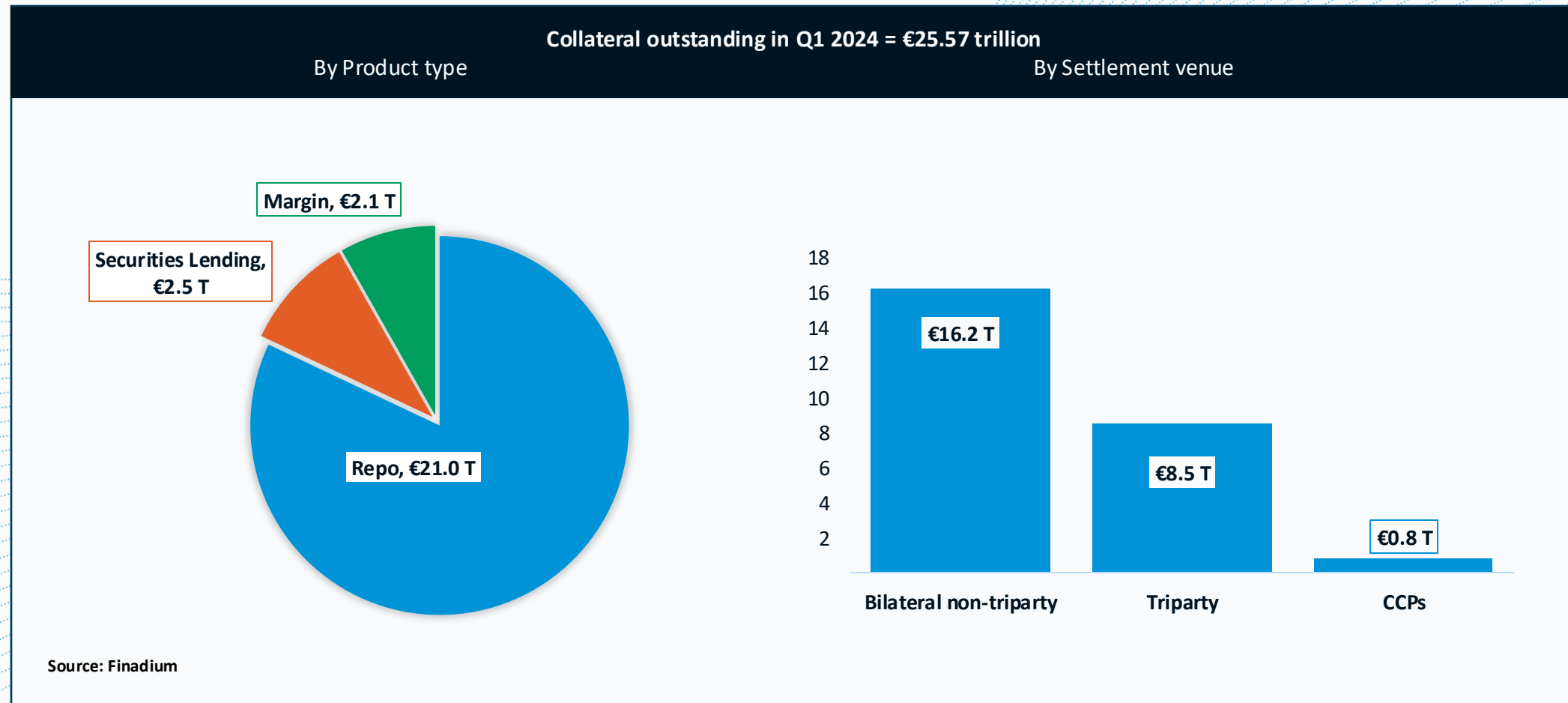
# A better way to meet collateral obligations

Meet various collateral obligations via frictionless, precise and real-time transfer of ownership without moving securities physically



New functionalities provided by HQLA<sup>x</sup>

# Total addressable market





## Product summaries

- DCR Longbox (D)
- Securities Lending (DvD)
- Repo (DvP)
- Margin Management (D)

# DCR Longbox (D)

## PRODUCT OVERVIEW

- 'DCR' is the Digital Collateral Record as recorded on the HQLA<sup>x</sup> Ledger
- Eliminate the need to move securities across custodians into triparty long boxes
- Three step operational process:
  1. Create HQLA<sup>x</sup> Digital Collateral Records (DCRs) for securities held at custodians
  2. Transfer ownership of the securities via HQLA<sup>x</sup> to the Triparty Agent
  3. Allocate securities to exposures with your counterparties at the Triparty Agent

## KEY BENEFITS

- Reduce operational cost & friction by eliminating cross-custodian moves
- Enhanced collateral optimization:
  - Directed allocations and realignments across multiple sources
  - Reduce long box buffers
  - Minimize fails
  - Standard SWIFT messaging



# Securities Lending (DvD)

## PRODUCT OVERVIEW

- 'Delivery vs. Delivery' is the simultaneous exchange of securities versus securities
- Examples:
  - Collateral Transformation
  - Short Coverage
  - Mobilize assets in hard to fund markets

## KEY BENEFITS

- Zero intraday credit exposure
- Reduced intraday liquidity usage
- Deliver collateral from your location of choice at your optimal time
- Reduced fails

# Repo (DvP)

## PRODUCT OVERVIEW

- 'Delivery vs. Payment' is the exchange of securities versus cash
- Using HQLA<sup>x</sup>, clients can atomically settle repos across two connected ledgers
- Collateral is managed on HQLA<sup>x</sup> and cash is managed on the connected ledger
- Cash ledgers we work with:
  - [Finality](#) – GBP
  - [Kinexys by J.P. Morgan](#) – USD & EUR
  - [ECB trials](#) - EUR

## KEY BENEFITS

- Ownership of collateral and liquidity can be exchanged at precise moments in time
- Intra-day repo transactions supported in addition to overnight and term tenors
- Improve collateral mobility & optimize financing
- Reduce fragmented liquidity

# Margin Management (D)

## PRODUCT OVERVIEW

- Use HQLA<sup>x</sup> to satisfy margin calls promptly by 'Delivery' of securities as an alternative to cash
- Securities ownership represented as DCRs on the HQLA<sup>x</sup> ledger can facilitate the collateralization of:
  - **Cleared:** Obligations with clearing houses or central counterparties (CCPs)
  - **Uncleared:** Obligations with a bilateral counterparty or secured party for uncleared margin
- Initial (IM) or variation (VM) margin flows

## KEY BENEFITS

- Improve the latency of deposit & withdrawal processes to accelerate collateral mobility
- Support for collateral transformation, optimization and DvD / DvP substitutions where permissible
- Ensure compliance with applicable margin segregation or regulatory requirements

## Without HQLA<sup>X</sup>

Collateral optimization within silos

Cross-custodian movements

Only by end-of-day

Only when custodians are open

No Delivery vs Delivery (DvD)

Settlement risk

Consumes costly intra-day liquidity



## With HQLA<sup>X</sup>

Collateral optimization across silos

Reduced cross-custodian movements

At precise moments in time (real-time)

When you want (outside custodian cut-off times)

DvD (including substitutions)

Reduced settlement risk

Reduced intra-day liquidity consumption

# Institutional investors



J.P.Morgan



Goldman  
Sachs



# Contact

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