

The logo for HQLA X, featuring the letters 'HQLA' in a light blue color and a stylized orange 'X' to the right.

HQLA<sup>X</sup>

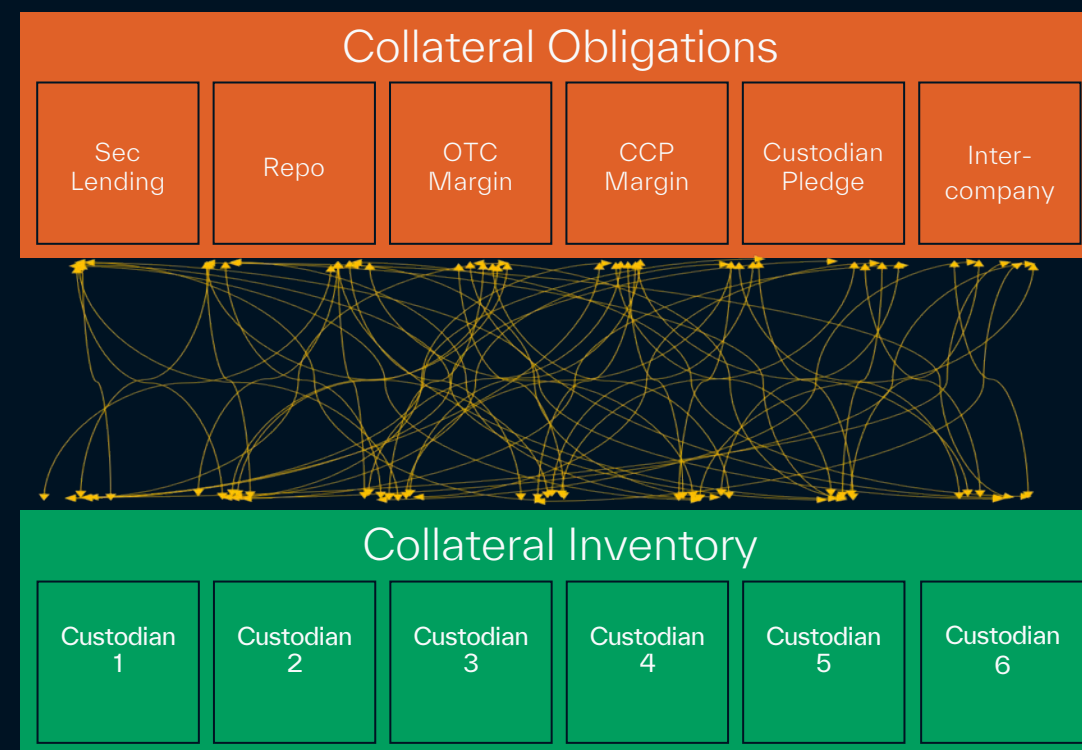
The main title of the presentation, 'Redefining Collateral Mobility', written in a white, sans-serif font.

Redefining  
Collateral Mobility

# 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.

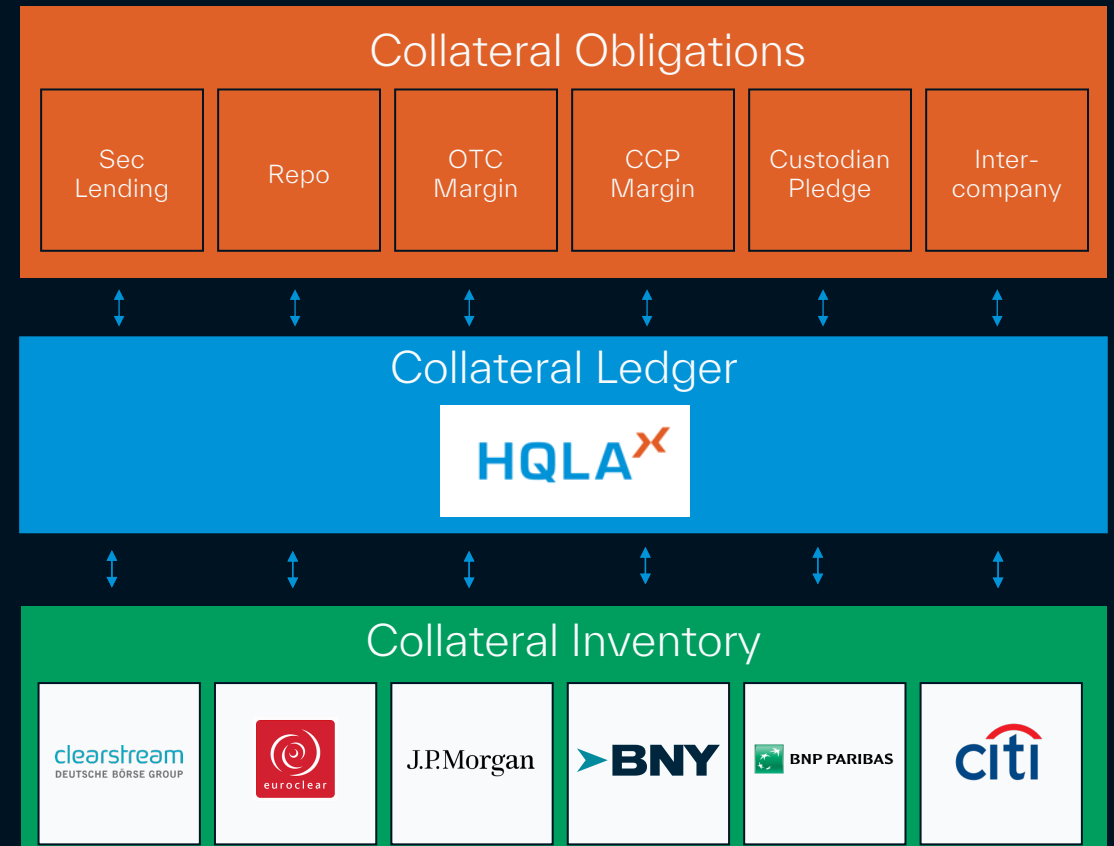
## Collateral management today



# Our value proposition

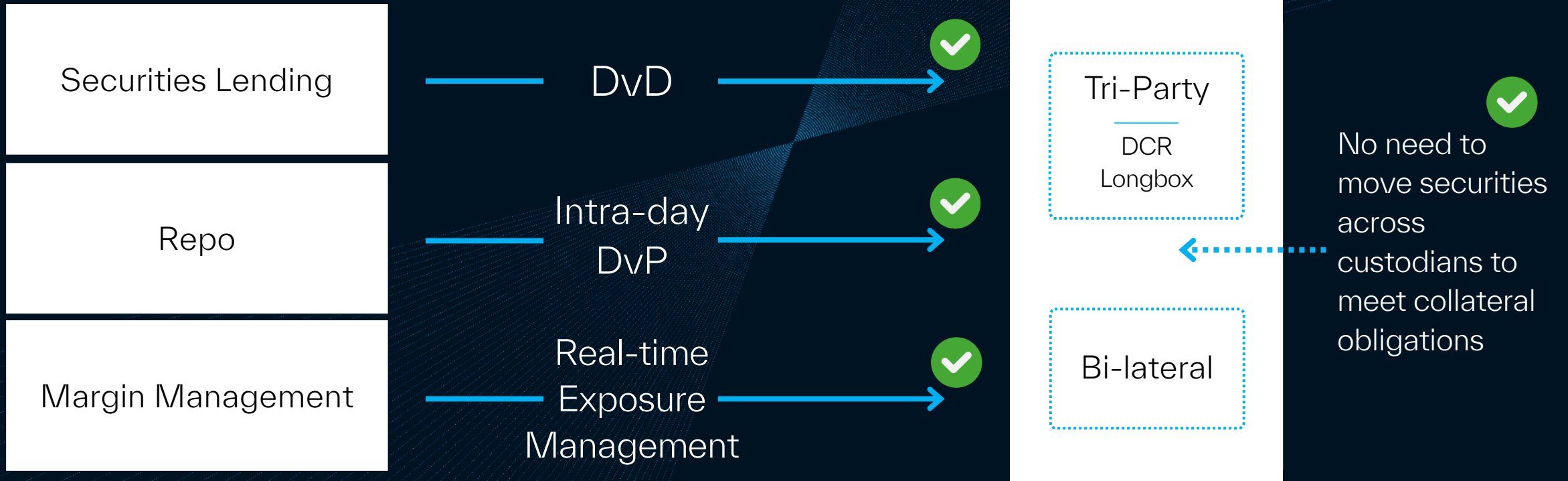
- HQLA<sup>x</sup> enables clients to meet their collateral obligations without needing to physically move securities.
- This is achieved by using new technology (DLT) to represent legal ownership of securities at a regulated custodian.
- As a result, ownership of securities can be transferred in real-time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

## Our Operating Model



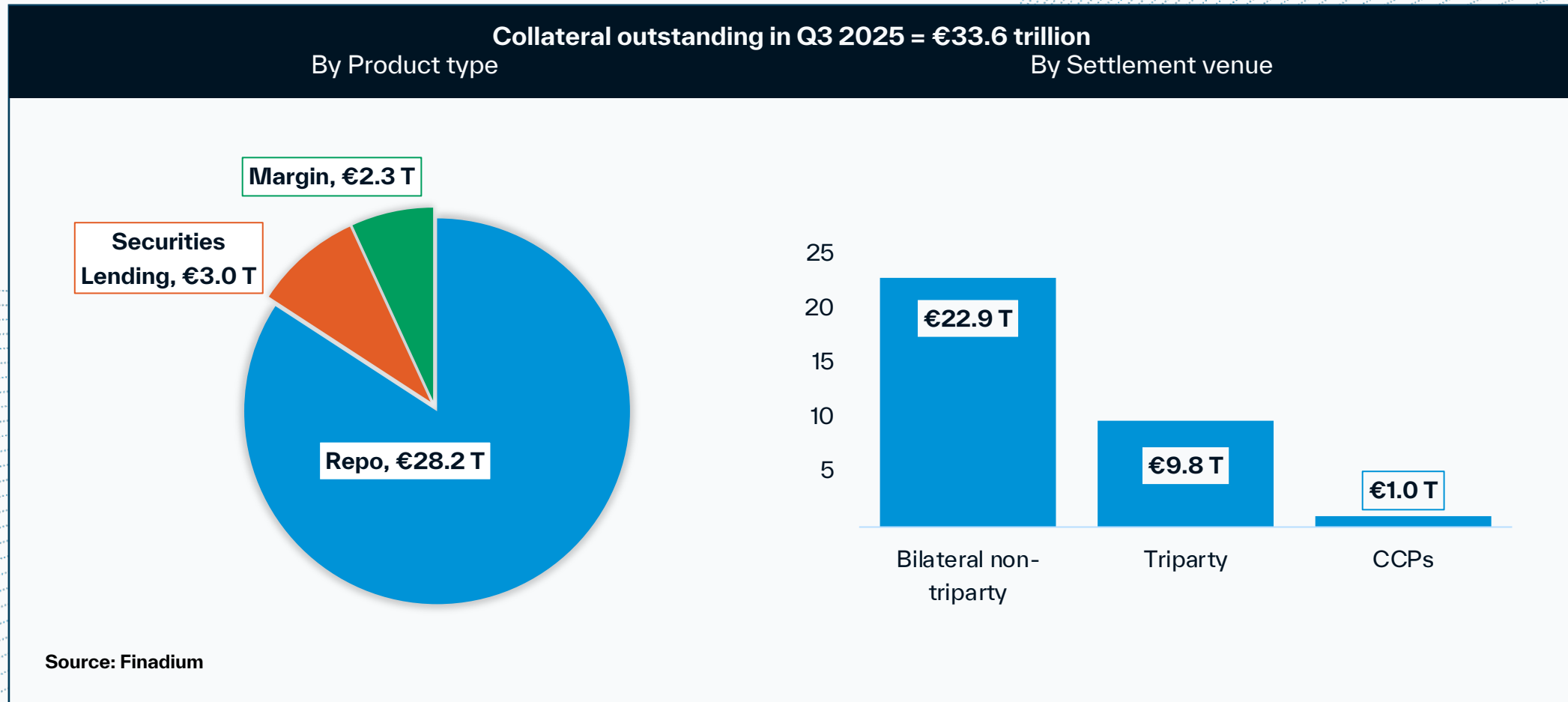
# A better way to meet collateral obligations

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
- › We work with multiple cash ledgers to be deliverable across central bank, commercial bank, and digital cash formats

## 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

Digital Asset

 Broadridge®

 DEUTSCHE BÖRSE  
GROUP

 HSBC

Goldman  
Sachs

J.P.Morgan

 BNY

 citi

 BNP PARIBAS

 UBS

ING 

COMMERZBANK 

CIBC 

r3.

# Contact

## Luxembourg Office

HQLA<sup>X</sup> S.à.r.l.  
(R.C.S.Luxembourg: B226513)  
9, rue du Laboratoire  
L-1911 Luxembourg  
Grand Duchy of Luxembourg

+352 2787 0477

## Switzerland Office

HQLA<sup>X</sup> S.à.r.l., Zug Branch  
(Zug Commercial Registry:  
CHE-453.025.897)  
Baarerstrasse 52  
6300 Zug  
Switzerland

## UK Office

HQLA<sup>X</sup> S.à.r.l.,  
(UK Establishment,  
Companies House: BR024192)  
85 Gresham Street  
London EC2V 7NQ  
United Kingdom