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DTCC & DIGITAL ASSET MOVE TO NEXT PHASE AFTER SUCCESSFUL PROOF-OF-CONCEPT FOR REPO TRANSACTIONS USING DISTRIBUTED LEDGER TECHNOLOGY

New Stakeholder Working Group will lead work to gather service requirements for Phase Two in \$3 trillion per day market

New York/London/Hong Kong/Singapore, 27 February 2017 – The Depository Trust & Clearing Corporation ([DTCC](#)), the premier post-trade market infrastructure for the global financial services industry, today announced the successful completion of a proof-of-concept to better manage the netting process for U.S. Treasury and Agency repurchase agreement (repo) transactions leveraging distributed ledger technology (DLT). Working with [Digital Asset](#), a developer of DLT solutions for financial institutions, the two companies have demonstrated for the first time the successful netting of “start” leg repo transactions with prior end-of-day net securities obligations in the DTCC environment.

With Phase One now complete, DTCC and Digital Asset have progressed to Phase Two where they will form a Stakeholder Working Group comprised of leading market participants active in the \$3 trillion per day U.S. repo and related transaction market to collect independent feedback and ensure the solution is aligned with industry needs. Phase Two will also determine whether the solution meets the performance and integration needs of DTCC’s technology environment while allowing for integration with member firms. Phase Two is expected to be completed by June 2017 at which time DTCC will determine whether to move ahead with the development phase of the effort.

Michael Bodson, President & CEO of DTCC, said, “We are very pleased with the results from our repo proof-of-concept effort with Digital Asset, and we see this project as another validation of the potential of this exciting, emerging technology. DLT was chosen because of its real-time information-sharing capabilities, enabling all parties to quickly view repo details after trade execution lowering risks and costs while enabling users to take advantage of the benefits of a central counterparty. Digital Asset has been a strong partner in this work, and we are excited to move to Phase Two with them.”

The central counterparty process offers a number of benefits for repo processing and is aligned with standard accounting practices that increases liquidity and lowers cost and risk. While DTCC's Fixed Income Clearing Corporation (FICC) currently provides the matching and verification of repo transactions, only the "close" leg of same-day settling trades is netted and settled by FICC with the "start" leg settling outside of the system. With this project, DTCC seeks to also net the "start" leg, further reducing settlement risk and costs to members by allowing additional netting and offsets.

The solution will allow DTCC to calculate a new net settlement amount at a point in time and record it in an immutable, secure and transparent distributed ledger that can be leveraged by FICC for new net securities and cash obligations with its member firms. Any changes to FICC's repo processing rules are subject to regulatory approval.

"We are delighted to be working with DTCC towards the first industrial-scale implementation of distributed ledger technology for the \$3 trillion per day repo market. As repo volumes continue to grow, Phase Two demonstrates DTCC's on-going commitment to leveraging DLT for the benefit of their clients, making this one step closer to being a reality," Blythe Masters, CEO of Digital Asset, added.

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About DTCC

With over 40 years of experience, DTCC is the premier post-trade market infrastructure for the global financial services industry. From operating facilities, data centers and offices in 16 countries, DTCC, through its subsidiaries, automates, centralizes, and standardizes the post-trade processing of financial transactions, mitigating risk, increasing transparency and driving efficiency for thousands of broker/dealers, custodian banks and asset managers worldwide. User owned and industry governed, the firm simplifies the complexities of clearing, settlement, asset servicing, data management and information services across asset classes, bringing increased security and soundness to the financial markets. In 2015, DTCC's subsidiaries processed securities transactions valued at more than US\$1.5 quadrillion. Its depository provides custody and asset servicing for securities issues from over 130 countries and territories valued at US\$45.4 trillion. DTCC's global trade repository maintains approximately 40 million open OTC positions and processes roughly 280 million messages a week. To learn more, please visit www.dtcc.com or follow us on Twitter [@The_DTCC](https://twitter.com/The_DTCC).

About Digital Asset

Digital Asset builds distributed, encrypted straight through processing tools. Their technology improves efficiency, security, compliance and settlement speed. The New York headquartered firm has offices in London, Sydney, Zurich and Budapest. Since launch, Digital Asset has sought complementary talent and technology by acquiring four companies: Hyperledger, Bits of Proof, Blockstack and Elevence. Last year, the firm became a founding premier member of the Linux

Foundation's open source Hyperledger Project, to drive the adoption and standardization of distributed ledger technology. www.digitalasset.com.

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